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B. Braun Melsungen Aktiengesellschaft

Melsungen

Annual financial statements for the business year from 01/01/2016 to 12/31/2016

Management report for the 2016 financial year

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1. Basics of B. Braun Melsungen AG

1.1 business model

B. Braun Melsungen AG develops, produces and sells products and services for medicine. The focus is on clinics, medical practices, pharmacies, nursing and emergency services as well as home care. We have supplemented our product portfolio with services and advice, making us a system provider who, in close partnership with customers, offers the best solution in each case in 18 different therapeutic areas designed for patients. The operative business of B. Braun Melsungen AG is divided into the divisions Hospital Care, Aesculap (Vascular Systems) and Out Patient Market. In addition to its operational activities, B. Braun Melsungen AG also takes on central functions for the B. Braun Group and holds significant investments. Therefore, the distributable annual surplus is one of our key control parameters.

Hospital Care Division

Products and services for infusion therapy in intensive medicine and basic care form the global core business of the Hospital Care division. The core business is supplemented by products for anesthesia and other selected fields of treatment. Products for safe infusion therapy, clinical nutrition and automatic infusion systems form the division's central business areas. The main product lines include standard infusion solutions, solutions for volume replacement and parenteral nutrition, infusion devices and accessories, intravenous cannulas and infusion pump systems. Medical single-use products and pharmaceuticals for specific areas of application complete the range.

Aesculap division

The Aesculap division produces products for interventional and diagnostic cardiology, radiology, hemodynamics and vascular surgery at locations in Germany (Berlin and Melsungen), Poland, France and China. These include vascular prostheses, catheters and uncoated and drug-coated stents (drug eluting stents) of various types. Furthermore, customized kits are offered as a complete solution for cardiac catheter laboratories in hospitals.

Out Patient Market (OPM) division

The Out Patient Market (OPM) division focuses on the care of patients outside the hospital as well as long-term patients. The clientele includes, among other things, resident doctors, outpatient and inpatient nursing services and pharmacies.

With a holistic approach to advice and care, the division pursues the goal of offering patients care that combines high quality and cost-effectiveness. Core topics are inpatient-outpatient transfer concepts, outpatient infusion therapies, diabetes, skin and wound management, stoma and incontinence care as well as infection protection.

In addition, OPM offers a wide range of services for the outpatient sector. The aim is a cross-regional transfer of knowledge, for example when transferring parenterally fed patients from the inpatient to the outpatient area. The experienced employees relieve patients, relatives, hospitals, resident doctors and nursing services from administrative tasks and ensure that the therapy is of the highest quality.

1.2 Research and Development

The research and development activities of the Hospital Care division focus on increasing patient and user safety and improving hospital processes. In the field of infusion therapy, we focus on integrative product and technology development for a new generation of infusion containers, closed transfer systems and infusion cannulas. With intelligent infusion systems, the focus is on networking with hospital IT. In addition, Hospital Care is further developing the products for clinical nutrition in flexible single and multi-chamber bags.

The Aesculap division focuses its research and development in the field of vascular systems on the development of catheter-based drug delivery systems and access port systems. The new products in 2016 include the bare metal stent Coroflex® ISAR Neo and the drug-coated balloon catheter SeQuent® Please Neo. Both products are continuous further developments of the successful SeQuent® Please and Coroflex® ISAR products with improved crossing properties (mechanical properties to increase the success rate). Coroflex® ISAR Neo and SeQuent® Please Neo together with the scoring balloon catheter NSE Alpha form the basis for our concept of polymer-free angioplasty.

The OPM division is developing a new irrigation pump for stoma and continence care. An additional focus at OPM is the continuous further development of urology, hand disinfection and wound care products.

2. Economic report

2.1 Course of business and situation

2.1.1 Course of business

As the parent company of the B. Braun Group, B. Braun Melsungen AG also provides extensive services within the Group outside of the normal course of business. As a result of the regulations of the German Commercial Code (HGB) in the version of the Accounting Directive Implementation Act, which are to be applied for the first time, revenues from these service relationships are to be shown under sales and the corresponding expenses under the cost of sales. The previous disclosure under other operating income or other operating expenses in the previous year has been adjusted in accordance with the new regulations. As a result, the sales revenues reported for the previous year increased by 97.3 million euros to 1,877.9 million euros. With a decrease in the gross margin by 0.5 percentage points to 23.7 percent, the reported gross profit increased by 14.5 million euros to 444.6 million euros. The balance of other operating income and expenses decreased by the same amount. Taking into account the changed reporting of the negative extraordinary result of 7.5 million euros under other operating expenses, the operating result decreased by this amount to 13.5 million euros. The balance of other operating income and expenses decreased by the same amount. Taking into account the changed reporting of the negative extraordinary result of 7.5 million euros under other operating expenses, the operating result decreased by this amount to 13.5 million euros. The balance of other operating income and expenses decreased by the same amount. Taking into account the changed reporting of the negative extraordinary result of 7.5 million euros under other operating expenses, the operating result decreased by this amount to 13.5 million euros.

With a sales increase of 3.9 percent, we are almost within the forecast target corridor of four to seven percent for the 2016 financial year. The Hospital Care division in particular showed pleasing volume increases. On the other hand, the persistently high competitive and price pressure in the German market is having a negative impact on the earnings situation. The result from business activities decreased by 16.9 percent to 67.1 million euros (previous year: 80.7 million euros), which was largely due to the transfer of the entire difference from the transition to the Accounting Law Modernization Act of 65.9 million euros to the Pension provisions are justified. The annual surplus amounts to 54.0 million euros after 62,

Overall, B. Braun Melsungen AG is in a satisfactory economic condition. We currently do not see any influencing factors that will have a materially negative impact on the company's position.

2.1.2 Profit situation

Sales development of B. Braun Melsungen AG

B. Braun Melsungen AG achieved sales of 1,950.9 million euros in the 2016 financial year (previous year: 1,877.9 million euros). This corresponds to an increase of 3.9 percent compared to the previous year.

The Hospital Care and OPM divisions increased sales by 2.6 percent and 2.3 percent, respectively. Aesculap was able to increase sales to 164.2 million euros (previous year: 149.9 million euros). This corresponds to an increase of 9.6 percent. The sales of the B. Braun Avitum division grew by 21.5 percent to 92.5 million euros (previous year: 76.0 million euros).

Almost all regions were able to exceed the previous year's sales. We increased sales in our home market of Germany by 5.6 percent to 768.6 million euros (previous year: 727.6 million euros). Europe (excluding Germany) was stable with sales growth of 2.8 percent to 697.3 million euros (previous year: 678.1 million euros). In contrast, the North America region developed very well in the reporting year with an increase of 14.5 percent. Sales reached 77.0 million euros (previous year: 67.3 million euros). The sales development of our business in the Asia-Pacific region recorded an increase of 1.3 percent. The sales for 2016 amounted to 244.1 million euros (previous year: 241.1 million euros). The only slight increase in sales is influenced by high sales in connection with the delivery of production machines from our special machine construction department in the previous year. In our pure product business, we were able to achieve a pleasing increase in sales of 7.6 percent. Demand from Latin America fell by 7.6 percent to 80.2 million euros (previous year: 86.8 million euros). Sales in the Africa and Middle East region developed well by + 8.7 percent to 83.7 million euros (previous year: 77.0 million euros). In our pure product business, we were able to achieve a pleasing increase in sales of 7.6 percent. Demand from Latin America fell by 7.6 percent to 80.2 million euros (previous year: 86.8 million euros). Sales in the Africa and Middle East region developed well by + 8.7 percent to 83.7 million euros (previous year: 77.0 million euros). In our pure product business, we were able to achieve a pleasing increase in sales of 7.6 percent. Demand from Latin America fell by 7.6 percent to 80.2 million euros (previous year: 86.8 million euros). Sales in the Africa and Middle East region developed well by + 8.7 percent to 83.7 million euros (previous year: 77.0 million euros).

Sales development of the Hospital Care division

In the 2016 financial year, the Hospital Care division achieved sales of EUR 1,291.4 million (previous year: EUR 1,258.2 million) with a growth rate of 2.6 percent. IV sets and injectable drugs showed positive sales growth. At the same time, however, intense price competition in the field of injectable drugs and a decline in the volume of large-volume infusion solutions weighed on the result.

Sales development of the Aesculap division

With a sales increase of 9.6 percent, the Aesculap division (Vascular Systems) achieved sales of 164.2 million euros in the reporting year (previous year: 149.9 million euros). The decisive factor for this development was the good volume development in exports, which was able to more than compensate for the sustained decline in domestic prices. Sales developed particularly well in the angioplasty area. Sales revenues from port and PTA catheters are also higher than last year due to increasing sales volumes. In the "Vena Cava Filters" and "Port Cannulas" business areas, however, we were unable to match the previous year's sales.

Sales development of the Out Patient Market (OPM) division

The sales of the OPM division increased by 2.3 percent to 263.8 million euros in the 2016 financial year (previous year: 257.9 million euros). While business in the areas of infection prevention and wound management developed very positively in the reporting year, the area of diabetes care fell short of our expectations.

Development of the gross profit

In the year under review, we increased gross profit by 1.5 percent to 451.1 million euros (previous year: 444.6 million euros). At the same time, the gross margin fell to 23.1 percent (previous year: 23.7 percent). Volume increases at Vascular Systems and Injectable Drugs had a positive impact on gross margin. The decline in volumes in the business with large-volume infusion solutions and the fall in prices for parenteral nutrition products had the opposite effect.

Development of functional costs

Distribution costs increased by 4.1 percent to 257.4 million euros (previous year: 247.2 million euros). Higher personnel costs as well as increased commission payments for the export business led to this development. The logistics costs (-1.6 percent) reported under selling expenses and, in particular, the freight costs (-3.6 percent) could be reduced compared to the previous year. This is primarily the result of very favorable sea freight rates in overseas business as well as technical and organizational measures to increase performance and reduce costs. The administrative costs amount to 71.6 million euros after 66.3 million euros in the previous year.

Research and development expenditure increased by 12.2 percent to 110.3 million euros in 2016 (previous year: 98.4 million euros). We have thus increased investments in new products again. Also included are depreciation of 6.9 million euros on an additional module within pump development.

Development of other comprehensive income

The negative balance of other operating income and expenses rose in the reporting year by 55.1 million euros to 74.3 million euros (previous year: 19.2 million euros). The high negative balance is significantly influenced by the recording of the complete remaining difference from the changed valuation regulations for pension obligations according to the Accounting Law Modernization Act of 65.9 million euros (previous year: 7.5 million euros). The balance also includes the result from exchange rate hedging transactions (including the effects of changes in exchange rates) of - 6.3 million euros (previous year: - 5.2 million euros). B. Braun Melsungen AG takes part within the B. Braun Group performs financing tasks and provides foreign B. Braun companies with loans in local currencies. Hedging transactions are concluded to reduce the resulting currency risk. In addition, cash flow hedges are concluded in accordance with our hedging strategy.

Development of the financial result

The financial result including investment income improved in the 2016 financial year by EUR 62.4 million to EUR 129.6 million (previous year: EUR 67.2 million). At 50.2 million euros, interest expenses were 71.7 million euros below the previous year (121.9 million euros). The interest portion of the pension provisions, due to the changeover to the 10-year average rate, was 10.5 million euros after 78.6 million euros in the previous year. At 163.8 million euros, the investment result was 2.3 percent lower than in the previous year (167.7 million euros). Furthermore, the financial result contains 2.5 million euros in depreciation on securities held as fixed assets.

Development of the key earnings figures

The key figure EBIT including investment income ¹reached 98.8 million euros in the reporting year and is thus significantly below the previous year (180.8 million euros). An improved gross profit is offset by significantly increased functional costs. In particular, the expenditures for research and development increased by 12.0 million euros. The difference in pension obligations was not only added to B. Braun Melsungen AG, but also to our subsidiary companies, so that EBIT from this measure was burdened by 81.5 million euros due to the lower investment income. At 75.4 million euros, depreciation is 7.0 percent above the previous year (70.5 million euros) and leads to an EBITDA of 174, 2 million euros over. The EBITDA thus decreased by 30.7 percent compared to the previous year (251.3 million euros). At 8.9 percent, the EBITDA margin is 4.5 percentage points below the previous year (13.4 percent).

The result of business activities reached 67.1 million euros (previous year: 80.7 million euros) and was thus 16.9 percent lower. In the 2016 reporting year, the tax expense was EUR 13.1 million (previous year: EUR 18.4 million). The annual surplus of B. Braun Melsungen AG decreased by 13.3 percent to 54.0 million euros (previous year: 62.3 million euros).

2.1.3 Financial position

Capital structure

The balance sheet total of B. Braun Melsungen AG increased as of December 31, 2016 by 8.5 percent to 3,965.9 million euros (previous year: 3,655.1 million euros). The asset structure changed slightly at the expense of the long-term tied assets with a share of the balance sheet total of 51.3 percent after 53.4 percent in the previous year, which results from the increased balance sheet total with continued high investments. Due to the change in our profit participation rights conditions that took place in the reporting year, it was no longer possible to retain the disclosure in equity under commercial law, so that an amount of 111.4 million euros was reported in outside capital. For better comparability, the previous year's figure of 102, 1 million euros adjusted accordingly, which leads to a reduction in the arithmetical equity ratio from 29.9 percent to 27.1 percent for the previous year. Taking this change in disclosure into account, with an absolute increase in equity of 22.0 million euros, the equity ratio decreased by 1.6 percentage points to 25.5 percent. In terms of the capital structure, the share of long-term debt (including special items) in total assets decreased from 25.9 percent to 20.8 percent. Taking this change in disclosure into account, with an absolute increase in equity of 22.0 million euros, the equity ratio decreased by 1.6 percentage points to 25.5 percent. In terms of the capital structure, the share of long-term debt (including special items) in total assets decreased from 25.9 percent to 20.8 percent. Taking this change in disclosure into account, with an absolute increase in equity of 22.0 million euros, the equity ratio decreased by 1.6 percentage points to 25.5 percent. In terms of the capital structure, the share of long-term debt (including special items) in total assets decreased from 25.9 percent to 20.8 percent.

On the assets side, fixed assets increased by 4.2 percent to 2,033.9 million euros (previous year: 1,952.3 million euros). This results in particular from investments in technical systems and machines. In addition, current assets (including prepaid expenses) increased by 13.5 percent to 1,932.0 million euros (previous year: 1,702.8 million euros). At 359.3 million euros, inventories as of the balance sheet date were 13.8 percent higher than in the previous year (315.6 million euros). With an increase of 0.2 percent to 72.5 million euros (previous year: 72.3 million euros), trade receivables are at the previous year's level. Receivables from affiliated companies increased by 14.2 percent to 1,442.2 million euros (previous year: 1,262.5 million euros) due to higher credit grants. Liquid funds increased by 4.4 million euros to 11.7 million euros (previous year: 7.3 million euros).

On the liabilities side, the balance sheet equity increased by 2.2 percent to 1,011.4 million euros (previous year adjusted: 989.3 million euros). Due to changes in the terms and conditions of our profit participation rights, there was no longer any disclosure in equity under commercial law (previous year: 102.1 million euros); it is shown as 111.4 million euros in long-term and short-term borrowed capital. The provisions for pensions and similar obligations increased by 13.9 percent to 571.6 million euros (previous year: 502.0 million euros). Liabilities to banks rose by 9.7 percent to 1,163.8 million euros (previous year: 1,060.7 million euros). Of this, 344.3 million euros (previous year: 186. 7 million euros) on short-term liabilities with a remaining term of less than one year. Most of the loans are in euros. In addition, there are two foreign currency hedged loans totaling US \$ 148 million. As of the balance sheet date, 69.5 percent (previous year: 70.9 percent) of financial liabilities to banks had a fixed interest rate and 30.5 percent (previous year: 29.1 percent) had a variable interest rate. In addition, there are 670 million euros (previous year: 580 million euros) committed but unused credit lines at our banks. Trade payables rose by 62.4 percent to 80.5 million euros (previous year: 49.6 million euros). The 8.8 percent increase in liabilities to affiliated companies to 712.4 million euros (previous year: 654.6 million euros) results in particular from higher borrowing.

All of the key financial figures agreed with our banks, which we have committed to adhere to, have been met.

Investments

In the past fiscal year, our additions to property, plant and equipment, intangible assets and financial assets amounted to 164.1 million euros (previous year: 245.7 million euros).

Significant investment funds were used within the Hospital Care division to expand capacity for the production of high-quality infusion solutions based on amino acids. We are also building up production capacities for new compact and stationary infusion pumps at the Melsungen site. Also in Melsungen, the conversion of office space was pushed ahead and the expansion of the goods distribution center was successfully completed. At the Berlin location, we are investing in the production of infusion solutions in small-volume glass and plastic containers.

Further investments were made in smaller replacement and expansion investments at various B. Braun Melsungen AG locations.

The additions to financial assets in the amount of 50.9 million euros (previous year: 116.5 million euros) mainly result from the increase in our stake in Rhön-Klinikum AG. In addition, we carried out capital increases in foreign group companies as well as smaller share acquisitions.

As of the balance sheet date, there were also investment commitments in the amount of 33.6 million euros. These are mainly related to replacement and expansion investments that have already started at our locations in Melsungen and Berlin.

liquidity

The cash flow from operating activities amounted to 71.1 million euros (previous year: 45.2 million euros) and was thus 25.9 million euros higher than in the previous year. The main reason for this is the release of funds by reducing the net working capital by EUR 27.5 million after an additional commitment of EUR 31.7 million in the previous year. From investing activities ²there was a cash inflow of 8.4 million euros in the reporting year (previous year: cash inflow of 9.6 million euros). The cash outflow of 161.3 million for investments in property, plant and equipment and financial assets contrasts with cash inflows of 169.8 million from investment income and the disposal of property, plant and equipment and financial assets. The net borrowing in the year under review amounted to 113.2 million euros (previous year: net loan repayments of 18.4 million euros). At the same time, higher loans granted to affiliated companies led to a cash outflow of 155.2 million euros (previous year: 24.0 million euros). Overall, the liquid funds on the balance sheet date increased by 4.4 million euros to 11,

2.1.4 Personnel report

Development of the number of employees

As of December 31, 2016, B. Braun Melsungen AG employed 7,029 people. This is 4.4 percent more than in the previous year with 6,731 employees.

Share of female employees in management positions

In connection with the law that came into force in 2015 for the equal participation of women and men in management positions in the private and public sectors, the Supervisory Board voluntarily set the statutory value of as a target for the proportion of women on the Supervisory Board of B. Braun Melsungen AG 30.0 percent decided for listed companies. In the reporting period, the proportion of women on the Supervisory Board increased from 18.8 to 25.0 percent.

With the appointment of Anna Maria Braun as a board member of B. Braun Melsungen AG, the proportion of women on the board increased from 14.2 percent to 25.0 percent in April 2016.

As of the balance sheet date, the proportion of female employees remained unchanged at 37 percent (previous year: 37 percent), while the proportion of male employees was 63 percent (previous year: 63 percent). Within the first management level, the proportion of women is 15.0 percent (previous year: 13.6 percent), within the second management level 7.4 percent (previous year: 6.9 percent). This enabled us to increase the proportion of female employees in management levels compared to the previous year. The first and second management levels were defined on the basis of an analytical function evaluation, taking into account main and key functions. The aim is to at least maintain the existing proportion of women in management positions.

Site security

The company management and the works council signed a contract last year to secure employment and improve the competitiveness of B. Braun Melsungen AG for the Melsungen and Spangenberg locations. The contract came into force on January 1, 2015 and ends on December 31, 2020. It thus follows on from the contracts to secure the location and future, which have been in effect since October 1, 2004. The core element of the agreements is the establishment of a time account in which working hours can be flexibly increased and decreased. In addition, layoffs for operational reasons are excluded, and the employees participate in the company's earnings development.

Vocational training

With a continuously increasing number of apprenticeships and the creation of modern concepts, B. Braun has been involved in vocational training for many years. This is a central part of the personnel strategy. We consider the qualification of junior employees against the background of demographic change as a core task and count this among the most important tasks of the next few years.

In 2016, 156 (previous year: 156) graduates successfully completed their training. We filled 146 (previous year: 155) trainee positions. At B. Braun Melsungen AG there are currently 420 (previous year: 446) young people in training. The combination of in-company training with studies at a university or vocational academy is interesting for many of our trainees: 60 (previous year: 73) trainees are currently studying dual.

In addition to traditional training, B. Braun works with local associations to help integrate refugees into the community and young people into the labor market. In Melsungen, B. Braun's vocational training, the support association for a sustainable Melsungen eV, the city's integration office and the Radko-Stöckl vocational school have launched the "Initiative for the professional orientation of refugees". This in turn developed the pilot project "Vocational Qualification Technology for Refugees" (QuaTeF), which aims to prepare refugees for the demands of the job market with internships for professional orientation at B. Braun, school education and language lessons.

Success-based remuneration

As part of the B. Braun Incentive Scheme, B. Braun Melsungen AG is issuing a series of profit participation rights that executives with subscription rights can acquire on a voluntary basis. The term of the profit participation rights is 10 years each. The interest on the profit participation rights is linked to the dividend payment by B. Braun Melsungen AG and the repayment amount to the group equity.

3. Risk and opportunity report

3.1 Risks

The risks listed below that could affect B. Braun do not always describe all risks to which B. Braun is or can be exposed. Risks that are not known at the time the management report is prepared or that are assessed to be insignificant can, however, also influence the earnings and financial position of B. Braun Melsungen AG.

Risk management and controlling

At B. Braun, all strategic and operational decisions of major importance are made taking into account the associated opportunities and risks. We basically pursue a cautious corporate strategy and avoid uncontrollable risk potential. Risk management and controlling are a central management task and an integral part of corporate management. The comprehensive risk management at B. Braun Melsungen AG helps ensure that risks can be identified, recorded, assessed, monitored and controlled. Risks that arise directly from business development are recognized and assessed promptly by our systematic controlling processes. In addition, we identify and control risks that do not arise directly from operational business. Our risk management is completed by the internal audit and, ultimately, the annual audit.

Macroeconomic risks ³

The greatly changed global political landscape poses a major risk to the global economy. This has significantly increased uncertainty worldwide, so that negative effects on investment behavior and the purchase of durable consumer goods are possible. Overall, the development of the world economy can be permanently weakened.

In connection with the UK's decision to leave the European Union, there is great uncertainty as to whether it will result in new restrictions on the trade in goods and capital. This would put a significant strain on trade within Europe. In addition, the growing populist parties in individual European countries are calling for protectionist measures, including an exit from the European Union. The continued existence of the European Union in its current form could therefore be called into question and economic trade within Europe would change massively. For export-oriented economies such as Germany, for example, this would have dramatic consequences. There are also tendencies that fiscal policy consolidation is not being consistently pursued in the European countries that have been severely affected by the financial and economic crisis. The rejection of the referendum in Italy, which would have opened up the possibility of further reforms, is an example of this. The future economic, foreign and security policy direction of the USA is uncertain after the presidential election. The expansion of state infrastructure investments and tax cuts announced during the election campaign could initially have a positive effect on economic development in the USA. A protectionist foreign trade policy and a significantly lower security policy commitment by the USA would, however, have a negative impact on world trade and willingness to invest in developing economies. This can further reduce the already slowing growth of the emerging countries (especially in China) and thus represents a risk for global economic development.

Industry risks

In principle, the healthcare market is only subject to economic fluctuations to a small extent. Accordingly, our consumer goods sector is generally less dependent on macroeconomic developments. In contrast, the capital goods produced by B. Braun are cyclical. As a rule, there is also a dependency on economic development where

patients have to pay for health services themselves. As a result of serious austerity measures in some countries, there are budget cuts within the state health systems. These cuts can have a negative impact on the demand for our entire range of products and services.

In some markets it can be seen that foreign manufacturers will have no or only limited access to tenders as soon as domestic manufacturers can offer comparable products. This is particularly true of Russia. Here, the tendering and import regulations for German manufacturers are still characterized by protectionism. We are intensifying our cooperation with local manufacturers and expanding our regional presence in order to have permanent access to global growth markets.

Increased formalization of the international product approval process can be observed, which is associated with increased effort for B. Braun. Longer processing times and additional requirements for documentation and study documents can delay product launches, make them more expensive and increase the overall research and development risk. The bundling of purchasing volumes through purchasing groups strengthens the market power of the demand side. This increases the risk of further price pressure and the dependency on individual customers. There is a risk of comprehensive vertical integration of hospitals or other customers by pharmaceutical or medical technology companies. This could lead to a deterioration in market access for other companies. Furthermore, in some countries it can be observed that in the context of tenders, the winner receives the full nationwide volume and all other providers are not taken into account.

The structural risks for companies operating in the healthcare market therefore remain. The occurrence of risks can influence B. Braun's earnings development.

Procurement risks

Risks generally arise from raw material price developments and supply bottlenecks on the procurement markets. The occurrence of these potential risks can have an impact on the supply of production, and thus on the ability to deliver and thus ultimately on the sales and earnings development of B. Braun.

In the year under review, potential supply bottlenecks became apparent in some cases. In the plastics market in particular, B. Braun, like other market participants, was confronted with some "Force Majeur" declarations from several suppliers. In all cases it was possible to avert potential supply interruptions. Through the implemented purchasing processes and our purchasing organization, countermeasures and strategies were developed that led to the averting of risks so that there were no delays or interruptions in production at any time. Our long, trusting and partnership-based cooperation with our suppliers is an essential basis to ensure continuous supply. Building on this, we will strive for further partnerships with suppliers in the future. Wherever possible, strategies for long-term price hedging are used as part of active price management. If possible, purchasing requirements are bundled and long-term supply contracts to secure raw material prices for primary products are concluded and framework agreements are agreed. The aim is to reduce the price and delivery risks while maintaining the same high quality. In order to minimize the risks of supplier failures, risk assessments of our suppliers are carried out on a regular basis. If a high risk of failure is identified at a supplier, we can ensure continuous supply with established processes and instruments. This includes disaster recovery plans, an inventory build-up at B. Braun or the supplier, second and dual sourcing as well as a notarial deposit of documents on production processes and recipes. The existing risk management with regard to the supplier base will be expanded further. Second and dual sourcing as well as a notarial deposit of documents on production processes and recipes. The existing risk management with regard to the supplier base will be expanded further. Second and dual sourcing as well as a notarial deposit of documents on production processes and recipes. The existing risk management with regard to the supplier base will be expanded further.

The situation in individual areas of the procurement markets continued to be challenging. With the established processes for price and delivery security, our purchasing organization was able to keep our risk position at a consistently low level, so that no significant procurement risks are discernible.

Product risks

We counter risks from side effects or interactions when using our products with sophisticated quality management systems in our production units. These are based on international standards and ensure compliance with all legal requirements. A regular review of the quality management systems with the help of internal and external audits in connection with ongoing employee training rounds off our quality management. Running processes do not pose any risks to the company's continued existence.

Personnel risks

In the personnel area, the main risks lie in demographic change and the lack of regional availability of sufficiently qualified specialists and managers. B. Braun counters these developments with various measures to increase the attractiveness as an employer, so that in the medium term no significant negative effects from personnel risks are discernible.

Comprehensive personnel development programs aim to bind employees to B. Braun at an early stage and to increase their identification with the company. The aim is to reduce risks from fluctuation and loss of knowledge. Succession planning is also an integral part of B. Braun's personnel strategy. This means that vacant positions can be filled at an early stage by suitable managers. The compatibility of family and work, a high level of commitment in training and further education as well as performance-based remuneration and flexible working time models are exemplary elements of the personnel strategy.

IT risks

Important business processes are based on IT systems. A failure of essential IT systems or a major loss of data could lead to serious interruptions in business operations, including in the production area. These risks are minimized through constant investments in the IT infrastructure and a redundant system architecture. Regular data backups and employee training are further measures to reduce the risks. Protection against data misuse is guaranteed by a coordinated user rights concept, compliance with which is checked by the internal auditing and data protection officer. We also use protection programs to ward off malware. Due to these measures, we do not expect any significant negative effects from IT risks. However, the challenges of ensuring IT security are increasing continuously. The stronger networking in the context of digitization and Industry 4.0 as well as increasing hacker attacks indicate an increase in IT risks. For this reason, we are strengthening the above measures and expanding them as required. Reducing IT risks will continue to be an essential task in the future in order to ensure that internal processes run smoothly. The stronger networking in the context of digitization and Industry 4.0 as well as increasing hacker attacks indicate an increase in IT risks. For this reason, we are strengthening the above measures and expanding them as required. Reducing IT risks will continue to be an essential task in the future in order to ensure that internal group processes run smoothly. The stronger networking in the context of digitization and Industry 4.0 as well as increasing hacker attacks indicate an increase in IT risks. For this reason, we are strengthening the above measures and expanding them as required. Reducing IT risks will continue to be an essential task in the future in order to ensure that internal group processes run smoothly.

Financial risks

Due to its international orientation, B. Braun is exposed to currency risks, which are reduced through currency hedging transactions with derivative financial instruments. With a rule-based, rolling hedging strategy ("layered hedging"), we achieve an average exchange rate for the period of our hedging horizon and reduce the impact of exchange rate changes on the consolidated annual result. In the event of a longer-term shift in currency parities, however, these risks can arise if price adjustments cannot be enforced due to market conditions. The trading and administration of derivative financial instruments are regulated by internal guidelines and are subject to constant risk control.

To reduce the risk of changes in interest rates, interest rate hedging transactions ("payer swaps") are sometimes used for variable-interest bank loans.

We counter liquidity risk by holding a sufficient reserve of short-term and long-term approved credit lines. This includes in particular a syndicated loan agreement currently worth 520 million euros.

Another risk is a possible deterioration in the payment behavior of our customers or public payers. Limited financing options can have a negative impact on the liquidity and solvency of individual customers. However, we consider this to be less likely. Risks can also exist with our suppliers in the form that their liquidity situation is heavily burdened and, in the worst case, the continued existence of the supplier could be endangered.

Through our participation in listed companies, we are exposed to market price fluctuations, which can lead to a decrease in value in the event of permanent devaluation. In addition, B. Braun Melsungen AG holds stakes in companies that operate in countries with heightened political uncertainty. With our active investment controlling and the established processes in risk management and controlling, we continuously monitor and analyze the development of our investments. This enables us to identify risks at an early stage and to take the necessary measures.

As part of research and development projects, costs are sometimes capitalized which, in the event of undesirable developments, can lead to depreciation. This can influence the earnings situation of B. Braun Melsungen AG. Research and development projects are naturally subject to higher risks, but are offset by significant opportunities. At the moment there are no identifiable risks that go beyond the usual level.

3.2 Opportunities

In addition to the risks, B. Braun regularly identifies and evaluates the company's opportunities. In principle, opportunities can arise from the further development of medical standards or the launch of new products.

Opportunities through positive economic development

The general economic conditions have an impact on B. Braun's business development. Our statements on the further development of the company are based on the expected macroeconomic environment described in the forecast report. Should the global economy develop more dynamically than currently assumed, our forecasts for sales, earnings and financial position may be exceeded.

Opportunities through growth strategy

Capacity expansions enable us to participate in the increasing demand for health care and medical technology products. The new, ultra-modern production processes further improve our competitiveness. In addition, thanks to our extensive product range and our many years of experience, we can offer efficient solutions for our customers. Should the international healthcare markets develop faster than currently expected, this could have a positive effect on our sales, earnings and cash flows.

Opportunities through research and development

Innovations at product and process level are the basis of our growth strategy. In close cooperation with our customers and users, we work on bringing new and improved products and therapy concepts to the market. If our research and development projects are ready for the market earlier than currently expected, this could improve our sales, earnings and cash flows.

Opportunities through employees

Our employees are the engine for our innovations and create added value for B. Braun through the close exchange with customers, users and patients. Their high level of identification with the company promotes their motivation and personal responsibility, which we want to further strengthen through personnel development measures. Should our measures and methods make better progress than currently expected, this could strengthen our competitive position above average. This can have positive effects on sales, earnings and cash flows.

3.3 Overall statement on the risk and opportunity situation

From today's perspective, there are no identifiable risks or dependencies that could jeopardize the continued existence of B. Braun Melsungen AG in the foreseeable future. The net risk position has not changed significantly compared to the previous year, and again no risks that could jeopardize the continued existence of the company were identified. However, we are observing increasing volatility in individual areas. Examples of this are the ongoing turmoil on the currency markets or the increased risks in some cases on the procurement markets. Added to this is the increased uncertainty in connection with political developments in, for example, Great Britain and the USA.

As far as possible and appropriate, we are insured against liability risks and natural hazards as well as other risks. Despite the high coverage of our insurance coverage, it is not possible to fully cover the potential risks from product liability. Overall, however, we are convinced that the development of B. Braun Melsungen AG will not be burdened to an above-average extent by the constant market risks. These market risks are offset by significant opportunities that can enable the company to develop successfully.

4. Forecast report

The statements made here about the development of the overall economy and the company are forward-looking statements. The actual results can therefore differ significantly (both in a positive and in a negative way) from the expectations of the probable development. Our forecasts contain all significant events that were known to us when the management report was being drawn up and that could influence the business development of B. Braun Melsungen AG. The expectations are based, among other things, on the overall economic and sector-related development described.

4.1 Expected macroeconomic and industry-specific framework conditions

Expected development of the overall economy⁴

For 2017, the International Monetary Fund (IMF) is forecasting a slight increase in economic growth of 0.3 percentage points to 3.4 percent. The growth is being carried by the industrialized nations as well as the emerging and developing countries. However, the political decisions in Great Britain, the USA and Italy have ensured that the economic future is uncertain in many places and that uncertainty on the world market is increasing. While China is growing somewhat more slowly than in previous years, the commodity-exporting economies such as Brazil and Russia will overcome their recession in the coming year. It can also be assumed that the hike in the key interest rate by the US Federal Reserve at the end of 2016 will make financing conditions more difficult, especially in developing countries. Exchange rate fluctuations will again shape the global economy.

The growth rate in Germany will decrease by 0.2 percentage points to 1.5 percent in 2017. Furthermore, favorable financing conditions are expected, which will have a positive effect on construction investments. Among other things, increasing private consumption will have a positive effect on growth. Rising collectively agreed wages, increased transfer income and the rise in employment all contribute to the higher demand. The increase in public consumption will decline in the context of the declining number of new immigrants.

Moderate economic growth of 1.6 percent is expected for the euro area. The growth is being driven in particular by private consumption. Due to rising energy prices, the effect will be slightly lower in 2017 than in the previous two years. A rapid improvement in the economic situation is also slowed down by a lack of structural reforms in some member states of the European Union, a lack of improvement in price competitiveness and the rise in political uncertainty. In Italy the growth rate will only be half that in the entire euro area. The Italian banking sector is characterized by a high number of loans at risk of default. Due to the rejection of the constitutional amendment, it is also not foreseeable that the necessary economic reforms will be adopted shortly. In 2017, Great Britain plans to apply to leave the European Union. The negotiations over the next two years will show the extent to which this step will affect economic performance in the euro area.

The IMF is forecasting growth of 1.1 percent for the Russian economy in 2017. The Russian economy will overcome the recession of 2015 and 2016 due to the rise in the price of oil and the recovery in raw material prices. Nevertheless, the further course of 2017 is heavily dependent on the foreign policy situation. The existing sanctions and structural problems in the country have a negative impact on growth.

In North America, economic output will increase again in 2017. After the US election, it is still uncertain whether the new president will intervene in the US economy through higher government spending or in the form of a tax cut. A combination of the measures mentioned also appears possible. In all cases, there will initially be an increase in economic growth in 2017. Furthermore, it remains to be seen in what form the election campaign promises to deregulate the financial sector, a protectionist trade policy and state investments to improve the infrastructure will be implemented. In addition, it is so far uncertain

Growth in the Asia-Pacific region will remain slightly below the previous year's level in 2017. A slightly declining trend in economic growth can be seen in China. The reasons are, among other things, a falling labor force and the slowdown in capital accumulation. The Chinese economy will continue to focus on increasing consumption and expand the service sector. This is done on the basis of the improvement of the social safety net and the deregulation of the service sector. Profits resulting from improved trading conditions, economic policies and structural reforms from recent years will help that the economic output in India is growing strongly. Compared to the previous year, growth in Japan will also increase slightly. The postponement of the VAT increase and planned measures to increase growth are contributing to this development. An appreciation of the Japanese yen could have a negative impact.

According to the IMF, economic output in Latin America will increase to 1.2 percent in 2017. The stabilization of raw material prices will end the recession in the Brazilian economy and positive growth of 0.2 percent is expected. The inflation rate is also expected to drop noticeably in 2017. After a year of economic restructuring,

Argentina is forecast to grow by 2.7 percent. The upswing is supported by the increase in consumption, investment and exports by the reforms passed in 2016, a moderate inflation rate and more supportive monetary and fiscal policy.

The growth rates in Africa and the Middle East are expected to increase further in 2017. In Africa, advancing industrialization and the expansion of the infrastructure will open up new business opportunities. However, the economy will continue to be negatively impacted by political instability, health risks and security issues.

Expected development of the health market

Positive growth rates are expected for the global healthcare market in 2017. Health care spending will increase moderately in the industrialized nations. The demand for health services in industrialized countries is increasing mainly due to the increase in chronic diseases, demographic change, the increase in life expectancy and the associated increase in morbidity, as well as the availability of higher-quality, innovative treatment options. The positive global development is supported primarily by the markets in Asia and the Middle East. Population growth, increasing prosperity and the expansion of the health care system all contribute to this development.

B. Braun can increase sales both for the existing product portfolio and through product innovations and product differentiations. This will have a positive effect on a large number of our product areas. In the future, those companies will have a competitive advantage that can increase process efficiency for customers with their products. Topics such as application security, ease of use and targeted product improvements will come to the fore. In addition, digital innovations are increasingly helping to make diagnoses and choose the right treatment. The new technologies create a better connection between individual actors in the healthcare sector, with which processes can be designed more efficiently and costs can be reduced. In the context of advancing globalization, a further increase in price transparency is expected, which, like the increasing professionalization of purchasing behavior, can lead to a decline in prices and margins.

Moderate growth rates are forecast for the European healthcare markets. Health care spending is expected to be higher in Germany, Great Britain and Sweden than in Portugal, Spain, Iceland, Greece and Italy, whose household budgets are relatively low. Many Western European countries are also struggling with the consequences of demographic change. The demand for treatments for age-related diseases and the need for care services for the elderly will gradually increase over the next few years.

It is expected that the import restrictions for medical technology products from western manufacturers in Russia will continue to exist. The Russian Ministry of Industry and Trade is also planning to replace imports with domestic production. By 2020, 40 percent of domestic demand for medical technology products should be covered by domestic production. Today the market share of Russian producers is almost 20 percent. Furthermore, privately financed and operated medical facilities are increasingly emerging in Russia. Private organizations are not affected by the import substitutions,

The healthcare market in North America will continue to expand. The conclusion of the transatlantic trade agreement CETA (Comprehensive Economic and Trade Agreement) between Canada and the European Union opens up new sales opportunities for European manufacturers of medical and medical technology products on the Canadian market due to the omitted export duties. In the US, health spending is expected to grow in 2017. However, with the change of the US president, it remains to be seen to what extent the health reform of its predecessor, the "Patient Protection and Affordable Care Act" (ACA), will be maintained.

The healthcare market in Asia-Pacific will grow significantly in 2017. The increasing prosperity of the population and the expansion of public health programs are contributing to this development. The greatest growth rates are still expected in India and China.

Health care spending in Latin America will increase slightly. After the healthcare market in Argentina experienced a recession in 2016, the Argentine government intends to integrate the private sector more closely into the healthcare market. Due to the subdued economic situation in Brazil, the state has to cut the budget for health expenditure so that only positive growth rates can be assumed in the private sector of the Brazilian health care market.

In the Middle East and Africa, relatively high increases in health spending are expected for 2017. This development will continue to be influenced by the expansion of health care in some countries and continued population growth.

Expected business and earnings development

We expect B. Braun Melsungen AG to grow profitably in the 2017 financial year. The (currency-adjusted) turnover will range between 2,030 and 2,050 million euros (2016: 1,950.9 million euros). All divisions will contribute to the sales development. On the earnings side, we expect (currency-adjusted) EBIT including income from investments of between 175 and 185 million euros (2016: 98.8 million euros). We are assuming that depreciation and amortization will be slightly higher than in the previous year, which can therefore lead to (currency-adjusted) EBITDA of between EUR 255 and 265 million (2016: EUR 174.2 million). Due to the negative impact on earnings in connection with the addition of the difference in pension obligations in 2016, we expect high rates of increase in the key figures EBIT and EBITDA (both including investment income) in 2017 and would thus return to the earnings level of 2015. We assume that we will be able to slightly improve the company's net income compared to 2016 (54.0 million euros). Further intensifying price competition as well as more difficult approval of new medical and pharmaceutical products or similar measures can have an impact on profitability. There is also a dependency on the income of the investments. We expect high rates of increase in the key figures EBIT and EBITDA (both including investment income) in 2017 and would thus return to the earnings level of 2015. We assume that we will be able to slightly improve the company's net income compared to 2016 (54.0 million euros). Further intensifying price competition as well as more difficult approval of new medical and pharmaceutical products or similar measures can have an impact on profitability. There is also a dependency on the income of the investments. We expect high rates of increase in the key figures EBIT and EBITDA (both including investment income) in 2017 and would thus return to the earnings level of 2015. We assume that we will be able to slightly improve the company's net income compared to 2016 (54.0 million euros). Further intensifying price competition as well as more difficult approval of new medical and pharmaceutical products or similar measures can have an impact on profitability. There is also a dependency on the income of the investments. Investment result) in 2017 and would thus return to the earnings level of 2015. We assume that we will be able to slightly improve the company's net income compared to 2016 (54.0 million euros). Further intensifying price competition as well as more difficult approval of new medical and pharmaceutical products or similar measures can have an impact on profitability. There is also a dependency on the income of the investments. Further intensifying price competition as well as more difficult approval of new medical and pharmaceutical products or similar measures can have an impact on profitability. There is also a dependency on the income of the investments. Further intensifying price competition as well as more difficult approval of new medical and pharmaceutical products or similar measures can have an impact on profitability. There is also a dependency on the income of the investments.

4.2 Overall statement on the likely development of B. Braun Melsungen AG

Based on the assumptions presented about the development of the global economy and the healthcare market, we expect B. Braun Melsungen AG to develop positively. We expect rising sales and stable results beyond 2017 as well.

5. Relationships with Affiliated Companies

The report on the relationship with affiliated companies prepared in accordance with Section 312 of the AktG concludes with the following declaration:

"Our company received appropriate consideration for every legal transaction listed in the report on relationships with affiliated companies. Discriminatory measures at the institution or in the interest of the controlling company were not taken or omitted. This assessment is based on the circumstances that were known to us at the time of the reportable events."

Melsungen, March 8, 2017

The board of directors

¹ EBIT including investment result = operating profit + income from investments - depreciation on financial assets - expenses for loss absorption

² The difference between the addition to fixed assets and the cash outflow from investing activities results from the cash effectiveness of the investments and from conversion effects in foreign currencies. ³ Ifo Institute: Ifo Economic Forecast 2016-2018, December 2016 ⁴ International Monetary Fund: World Economic Outlook, October 2016 / Ifo Institut; ifo Economic Forecast 2016-2018, December 2016

Balance sheet as of December 31, 2016**assets**

	attachment	December 31, 2016 T €	December 31, 2015 T €
Intangible assets	(8th)	145,969	132,017
Property, plant and equipment	(9)	626,718	602,034
Financial assets	(10)	1,261,197	1,218,267
Capital assets		2,033,884	1,952,318
Stocks	(11)	359,345	315,634
Receivables and other assets	(12)	1,554,706	1,371,632
Cash and cash equivalents	(13)	11,684	7,261
Current assets		1,925,735	1,694,527
Prepaid expenses	(14)	6,248	8,241
		3,965,867	3,655,086

liabilities

	attachment	December 31, 2016 T €	December 31, 2015 T €
Subscribed capital	(15)	800,000	800,000
Capital reserve		10,226	10,226
Retained earnings	(16)	128,928	106,226
retained profit		72,216	72,886
Equity		1,011,370	989,338
Special items with an equity portion	(17)	6,450	9,147
Profit participation capital	(18)	111,435	102,135
Provisions for pensions and similar obligations	(19)	571,567	502,028
Other provisions	(20)	106,153	105,244
accruals		677,720	607,272
Liabilities to banks		1,163,813	1,060,692
Other liabilities		995,079	886,502
liabilities	(21)	2,158,892	1,947,194
		3,965,867	3,655,086

Income statement for the period from January 1 to December 31, 2016

	attachment	2016 T €	2015 T €
Sales	(1)	1,950,902	1,877,873
Cost of sales	(2)	1,499,776	1,433,303
Gross profit on sales		451,126	444,570
Distribution costs		257,399	247,186
general administrative costs		71,606	66,344
Research and development costs		110,345	98,377
Other company income	(3)	138,899	227,749
Other operating expenses	(4)	213,180	246,940
Operating profit		-62,505	13,472
Financial result	(5)	129,610	67,185
Result of business activity		67,105	80,657
Taxes on income and earnings	(6)	-13,073	-18,373
Earnings after taxes / annual surplus		54,032	62,284
Profit carried forward		40,886	33,716
Settings in the legal reserve		-2,702	-3,114
Allocations to the other retained earnings		-20,000	-20,000
retained profit		72,216	72,886
Earnings per share in €	(7)	2.78	3.21

The Annual General Meeting on March 22, 2016 resolved to distribute T € 32,000 from the balance sheet profit as of December 31, 2015 and to carry T € 40,886 forward to new account.

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Controlling

Appendix for the 2016 financial year

General principles and information

The annual financial statements of B. Braun Melsungen AG, based in Melsungen, are prepared in accordance with the provisions of the Commercial Code in the version of the Accounting Directive Implementation Act (BilRUG) and the supplementary provisions of the Stock Corporation Act. It covers the period from January 1 to December 31, 2016. Due to its importance, the structure of the income statement has been expanded to include the item "Research and development costs" and that of the balance sheet by the item "Profit participation capital".

B. Braun Melsungen AG is registered under this company in the commercial register at the Fritzlar District Court (HR B 11000).

In order to improve the clarity of the presentation in the balance sheet and income statement, individual items have been combined. These items are shown separately in the notes.

The company is included in the consolidated financial statements of B. Braun Holding GmbH & Co. KG, Melsungen, as of December 31, 2016, which prepares the consolidated financial statements for both the smallest and largest group of companies. In addition, the company prepares consolidated financial statements. The consolidated financial statements are submitted to the electronic Federal Gazette.

The Management Board of B. Braun Melsungen AG approved the annual financial statements on March 8, 2017 for submission to the Supervisory Board.

Deviations from the presentation, accounting and valuation methods used in previous periods

In the 2016 financial year, the conditions of the profit participation rights issued by B. Braun Melsungen AG as part of the B. Braun Incentive Scheme were changed. As a result of this adjustment, it was no longer possible to maintain the disclosure in equity under commercial law, so that it is reported as a separate item in borrowed capital at € 111,435 thousand. To improve comparability, the previous year's figure of T € 102,135 was adjusted with the result that the reported equity of the previous year decreased from T € 1,091,473 to T € 989,338 and the arithmetical equity ratio from 29.9% to 27.1%. In line with the borrowed nature of profit participation rights, there was also a change in the disclosure of the result from profit participation rights in the income statement. While in the previous year it was shown in a separate item in front of the profit for the year at € 12,410 thousand, the expenses from profit participation rights were shown in the financial result at € 10,368 thousand in the year under review. Here, too, the previous year's disclosure was adjusted to improve comparability, so that the financial result reported in the previous year decreased by € 12,410 thousand to € 67,185 thousand. Income from business activities decreased by the same amount. 410 in a separate item before the annual surplus, the expenses from profit participation rights are shown in the financial result in the year under review at T € 10,368. Here, too, the previous year's disclosure was adjusted to improve comparability, so that the financial result reported in the previous year decreased by € 12,410 thousand to € 67,185 thousand. Income from business activities decreased by the same amount. 410 in a separate item before the annual surplus, the expenses from profit participation rights are shown in the financial result in the year under review at T € 10,368. Here, too, the previous year's disclosure was adjusted to improve comparability, so that the financial result reported in the previous year decreased by € 12,410 thousand to € 67,185 thousand. Income from business activities decreased by the same amount. Here, too, the previous year's disclosure was adjusted to improve comparability, so that the financial result reported in the previous year decreased by € 12,410 thousand to € 67,185 thousand. Income from business activities decreased by the same amount. Here, too, the previous year's disclosure was adjusted to improve comparability, so that the financial result reported in the previous year decreased by € 12,410 thousand to € 67,185 thousand. Income from business activities decreased by the same amount.

As a result of the redefinition of sales in Section 277 (1) of the new version of the German Commercial Code (HGB), income from the sale and rental of products as well as from the provision of services outside of normal business activities are to be reported as sales. B. Braun Melsungen AG maintains extensive service relationships, especially within the B. Braun Group. As a result of the redefinition of sales, income from these service relationships is to be shown under sales and the corresponding expenses under the cost of sales. In order to ensure better comparability of the earnings situation, the previous disclosure under other operating income or

	2015	Adjustment	2015 according to
	T €	T €	BilRuG
			T €
Sales	1,780,609	97.264	1,877,873
Cost of sales	1,350,550	82,753	1,433,303
Gross profit on sales	430.059	14,511	444,570
Other company income	325.013	-97.264	227,749
Other operating expenses	322.226	-82,753	239.473
Balance of other related income and expenses	2,787	-14,511	-11,724

The gross margin reported in the previous year (gross profit on sales as a percentage of sales) decreased by 0.5 percentage points from 24.2% to 23.7%.

The "Extraordinary result" item contained in the income statement was deleted by the BilRUG. The expense reported under this item in the previous year from the addition of the difference in pension obligations from the first-time application of the Accounting Law Modernization Act (BilMoG) of € 7,467 thousand is now reported under other operating expenses. In the year under review, the total difference not yet paid in the amount of € 65,882 thousand was also recognized as other operating expenses and increased the reported provisions for pensions accordingly.

Pursuant to Section 253 (2) of the new version of the German Commercial Code (HGB), pension obligations (provisions for pensions) have been valued for the first time in the annual financial statements for the 2016 financial year based on the average market interest rate for the past ten financial years (previous year: average market interest rate for the past seven financial years). If the average market interest rate of the past seven financial years had been applied, the provisions for pensions and similar obligations would have been € 78,700 thousand higher. According to Section 253 (6) of the new version of the German Commercial Code (HGB), profits may only be distributed

Currency conversion

Short-term receivables and liabilities in foreign currencies are valued at the mean rate on the balance sheet date. Medium and long-term currency receivables and liabilities are valued at the rates on the day they arise or at a lower (receivables) or higher (liabilities) rate on the balance sheet date.

Explanations of the income statement

(1) Sales

	2016		2015		+ -
	T €	%	T €	%	%
Sales by division					
Hospital Care	1,291,394	66.2	1,258,218	67.1	2.6
OPM	263,750	13.5	257.863	13.7	2.3
Aesculap	164.224	8.4	149,865	8.0	9.6
B. Braun Avitum	92,449	4.8	75,999	4.0	21.6
Other sales	139.085	7.1	135.928	7.2	2.3
	1,950,902	100.0	1,877,873	100.0	3.9
Sales by region	T €	%	T €	%	

	2016		2015		+ -
Sales by division	T €	%	T €	%	%
inland	768,555	39.4	727,607	38.8	5.6
Europe	697,327	35.7	678.100	36.1	2.8
Asia and Australia	244.120	12.5	241,098	12.8	1.3
Latin America	80.204	4.1	86,794	4.6	-7.6
Africa and Middle East	83,702	4.3	77.005	4.1	8.7
North America	76,994	4.0	67,269	3.6	14.5
	1,950,902	100.0	1,877,873	100.0	3.9

(2) Cost of sales

The cost of sales includes the manufacturing costs of the products sold and the acquisition costs of the merchandise sold, as well as other expenses in connection with the generation of sales.

(3) Other operating income

	2016 T €	2015 T €
Currency gains	120,138	207,335
Income from the reversal of value adjustments	1,671	1,513
Income from financial investments	0	411
Profits from asset disposals	334	79
Income from compensation payments	906	530
Income from the liquidation of special items with an equity portion	2,696	2,759
Income from the valuation of derivative financial instruments	1,709	8.009
Income from the release of provisions	1,657	1,258
Income from write-ups	0	14th
income for other accounting periods	2,389	1,563
Rest	7,399	4,278
	138,899	227,749

The income unrelated to the accounting period mainly contains credits for previous years and reimbursements of insurance premiums.

(4) Other operating expenses

	2016 T €	2015 T €
Currencies	124,745	217,952
Addition of difference to pension obligations	65,882	7,467
Out-of-period expenses	3,430	1,126
Losses from depreciation of items of current assets	150	241
Losses from the valuation of derivative financial instruments	3,385	2,616
Losses from asset disposals	612	263
Allocations to provisions	265	1,650
Rest	14,711	15,625
	213.180	246.940

The statement "Addition of difference to pension obligations" results exclusively from adjustments to the opening balance of provisions for pensions and similar obligations in accordance with the provisions of the Accounting Law Modernization Act (expenses in accordance with Article 67 Paragraphs 1 and 2 EGHGB). In the year under review, the remaining adjustment amount from the changed valuation was added to the pension provisions.

(5) Financial result

	2016 T €	2015 T €
Income from profit transfer agreements	97.395	99,392
Income from investments	73.040	73.976
of which from affiliated companies	(62,085)	(46,896)
Depreciation on financial assets	-2,519	-411
Expenses from the assumption of losses	-6,600	-5,656
Income from other securities and loans from financial assets	4,088	4,756
of which from affiliated companies	(4,075)	(4,737)
Other interest and similar income	14,343	16,745
of which from affiliated companies	(14,159)	(16,535)
Interest income from discounting	37	279
Interest and similar expenses	-37,875	-41,637
of which to affiliated companies	(1,002)	(1,293)
of which from profit participation capital	(10,368)	(12,410)
Interest expense for pension provisions and other long-term personnel provisions	-12,216	-80,138
Other interest expense from compounding	-83	-121
	129,610	67.185

(6) Income taxes and deferred taxes

Corporate income tax and trade income tax are reported as income taxes. With an income of € 195 thousand, these relate to previous years.

The other taxes of T € 2,398 (previous year: T € 3,057) are allocated to the operational functions and are reported under the corresponding items. These relate to previous years with an expense of € 120 thousand (previous year: € 1,084 thousand).

Deferred taxes are applied to the differences in the balance sheet items in the commercial balance sheet and the tax balance sheet, provided that these are likely to be reduced in later financial years.

According to the formal approach, the sole tax debtor is the company as the controlling company, ie actual and deferred taxes of the controlling companies must also be shown in full in the controlling company's annual financial statements, since they alone affect the taxation consequences. Accordingly, the temporary differences between the subsidiaries are recorded in the company's financial statements. In the event of an excess of deferred taxes as of the balance sheet date, the option to capitalize under Section 274, Paragraph 1, Clause 2 of the German Commercial Code (HGB) is not used.

The calculation of deferred taxes is based on an effective tax rate of 29.03% (15.83% for corporation tax including solidarity surcharge and 13.20% for trade tax), which is expected to arise when the differences are reduced. The tax rate for trade tax results from the average trade tax multiplier of 377.04%.

As of the balance sheet date, after offsetting the deferred tax assets and liabilities (total differences consideration), the deferred tax asset surplus was € 95,872 thousand. The company does not make use of the option to capitalize under Section 274, Paragraph 1, Clause 2 of the German Commercial Code (HGB), so that overall there is no disclosure of deferred taxes in the balance sheet. The deferred tax liabilities determined result mainly from special tax depreciation not reproduced under commercial law or deviating depreciation on property, plant and equipment (land and buildings as well as technical equipment and machines).

(7) Earnings per share

The earnings per share are calculated by dividing the annual net income by the number of shares issued. As in the previous year, the number of shares entitled to dividends is 19,404,000. There were no shares outstanding as of December 31, 2016 or December 31, 2015 that could dilute earnings per share. The earnings per share are € 2.78 (previous year: € 3.21).

Explanation of the balance sheet

For the development of the individual items of fixed assets, we refer to the schedule of fixed assets, which is attached as an attachment.

In addition, we provide the following explanations for the individual items.

(8) Intangible Assets

Purchased intangible assets are valued at cost and amortized on a straight-line basis over their respective useful lives (5 to 15 years). Investment grants received are deducted from the acquisition costs. Long-term reductions in value are taken into account through unscheduled depreciation. If the reasons for unscheduled depreciation no longer exist, corresponding write-ups are made.

(9) Property, plant and equipment

Tangible assets are valued at acquisition or production cost less the accumulated depreciation and depreciation carried out in the financial year. Investment grants and grants received are deducted from the acquisition or production costs of the subsidized assets.

The scheduled depreciation of property, plant and equipment is essentially based on the following useful lives:

building	25 to 50 years
Technical systems and machines *	10 to 15 years
vehicles	3 to 5 years
Factory and office equipment	3 to 15 years
* including shift factor	

Unscheduled depreciation is carried out in the event of expected permanent impairment. Property, plant and equipment is depreciated using the straight-line method.

In accordance with the 2008 corporate tax reform, from January 1, 2008, all low-value assets of the calendar year with acquisition / production costs of more than € 150 net and up to € 1,000 net are summarized in an annual collective item. The collective item is depreciated uniformly over five years with 20% each. If an asset leaves the business assets prematurely, the collective item is not reduced. Due to the overall subordinate importance of the collective item, such a collective item is also formed for low-value assets, despite the reversal of the reversed relevance by the Accounting Law Modernization Act.

Additional depreciation according to tax regulations that occurred before January 1, 2010 is shown under the special item with an equity portion. These are resolved pro rata during the period of use.

In addition to the directly allocable costs, the production costs of the self-constructed systems also include proportional overheads and depreciation.

(1 0) Financial assets

Financial assets are reported at acquisition cost or the lower applicable value. Loans to affiliated companies and other loans are reported at acquisition cost or the lower applicable value.

Unscheduled depreciation is carried out in the event of a decrease in value that is expected to be permanent. If the reasons for unscheduled depreciation no longer exist, corresponding write-ups are made.

Shares reported under fixed asset securities were written down by T € 2,519 to T € 2,115 due to an expected permanent impairment in value.

The addition to the shares in affiliated companies results primarily from capital increases at subsidiaries.

The changes in loans to affiliated companies apply to two German subsidiaries.

The changes in the investments relate in particular to the acquisition of further shares in Rhön-Klinikum AG.

With regard to shareholdings, we refer to the separate list in the appendix to the notes.

(1 1) Inventories

	December 31, 2016	December 31, 2015
	T €	T €
Raw materials and supplies	66,370	60,619
Unfinished products	100,878	76,884
Finished products, goods	192,097	178,131
	359,345	315,634

The inventories of raw materials, consumables and supplies as well as merchandise are valued at the actual or average acquisition cost or at the lower replacement cost. The product inventories are capitalized at production cost. In addition to production material and production wages, material and production overheads are also taken into account in the production costs. In the income statement, the costs of the services sold are valued at full cost.

When valuing the inventories, the lower fair value on the balance sheet date was taken into account in all inventory groups. In connection with this, the risks that arise in particular from the storage period, reduced usability, etc., are taken into account through devaluations.

The emission allowances are shown under inventories at a memorable value. The fair value of the emission allowances as of the reporting date is T € 464.

(12) Receivables and other assets

	December 31, 2016 Total T €	thereof remaining term> 1 year T €	thereof remaining term> 1 year T €	December 31, 2015 Total T €	thereof remaining term> 1 year T €
Requests from deliveries and services	72,500	1,426	0	72,334	409
Receivables from affiliated companies	1,442,212	580	0	1,262,549	11.802
thereof trade receivables	(206,159)	(580)	(0)	(230,446)	(11,802)
Claims against companies with which there is a participation relationship	784	0	0	764	0
thereof trade receivables	(441)	(0)	(0)	(383)	(0)
Other assets	39.210	0	0	35,985	458
of which tax refund claims	(32,586)	(0)	(0)	(27,561)	(458)
	1,554,706	2.006	0	1,371,632	12,669

Trade accounts receivable are stated at acquisition cost less appropriate individual devaluations. The general credit risk is adequately taken into account by means of a blanket write-down on receivables. The other receivables and assets are valued at their nominal values less appropriate individual devaluations.

B. Braun concluded an Asset Backed Securities (ABS) program with a volume of up to € 75 million in 2004, which was increased in November 2009 by € 25 million to € 100 million. In September 2015 the program was extended by two years. As part of this program, B. Braun Melsungen AG sold receivables in the amount of € 35.6 million as of December 31, 2016 (previous year: € 34.7 million). The basis for the transaction is a non-recourse sale of trade receivables to a special purpose vehicle.

A partial amount of € 0.5 million of the tax refund claims is due to the capitalization of corporation tax credits from the time of the corporation tax credit process. After an amendment to the Corporate Income Tax Act in 2006, there is now an entitlement to payment of the credit in ten equal annual installments from 2008. The entitlement is valued at present value using a present value factor derived from a market interest rate that is appropriate for the term and risk.

(13) Cash and cash equivalents

Cash and cash equivalents include cash on hand and credit balances at banks that are valued at their nominal value.

(14) Prepaid expenses

Der Rechnungsabgrenzungsposten beinhaltet Ausgaben für Mieten, Versicherungsprämien, Kapitalbeschaffungskosten und Wartungsarbeiten, soweit sie als Aufwand des Folgejahr betreffen.

(15) Gezeichnetes Kapital

Mit Wirkung vom 2. April 2014 hat die B. Braun Melsungen AG das Grundkapital aus Gesellschaftsmitteln von € 600 Mio. auf € 800 Mio. ohne Ausgabe neuer Aktien erhöht. Das Grundkapital ist in 19.404.000 nennbetragslose auf den Inhaber lautende Stückaktien eingeteilt. Eine nennbetragslose Stückaktie entspricht rechnerisch einem Anteil am gezeichneten Kapital von € 41,23.

The Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital by up to € 100 million by December 31, 2018 by issuing new no-par value bearer shares against cash contributions.

(16) Retained earnings

	December 31, 2016 T €	December 31, 2015 T €
legal reserve	51,858	49,156
Other retained earnings	77,070	57.070
	128,928	106.226

The balance sheet profit for the reporting year of T € 72,216 includes a profit carried forward of T € 40,886.

According to Section 253 (6) HGB, an amount of € 78,700 thousand is blocked for distribution.

(17) Special items with an equity portion

	December 31, 2016 T €	December 31, 2015 T €
Value adjustments to fixed assets in accordance with Section 3 (2) ZRFG, Section 14 BerlinFG, Section 4 Development Area Act	6,450	9,147
	6,450	9,147

(18) Profit participation capital

As part of the B. Braun Incentive Scheme, B. Braun Melsungen AG issues a series of profit participation rights that executives who are entitled to subscribe can acquire on a voluntary basis. With the issue of profit participation rights, the company grants the employee, as the holder of profit participation rights, property rights in the form of a participation in the profit and loss of B. Braun Melsungen AG for the transfer of capital in return.

The term of the profit participation rights is 10 years each. The interest on the profit participation rights is linked to the dividend payment by B. Braun Melsungen AG and the repayment amount to the group equity. The profit participation rights item contains the nominal amount of the profit participation rights issued in the amount of T € 3,793, the premium achieved on issue of T € 64,361 and the repayment amount, which is T € 43,281 higher.

The profit participation capital increased by a total of T € 9,300. Of this, € 4,000 is attributable to a reduction in the number of profit participation rights issued (valued at the nominal amount), € 7,353,000 to the premium and € 1,951,000 to the current increase in value. As of December 31, 2016, a total of 689,615 shares were issued.

In the 2016 financial year, the profit participation rights conditions were changed with the result that they were no longer shown in equity under commercial law. The previous year's disclosure of T € 102,135 under equity was adjusted accordingly. The expense from profit participation capital is shown separately at € 10,368 thousand as result from profit participation capital in the financial result. The previous year's disclosure of T € 12,410 in a separate item in front of the annual surplus has been adjusted for better comparability.

The tranches were distributed over the years as follows:

Year of issue	piece
2002	49,625
2007	66.107
2008	79,149
2009	69.123
2010	80.217
2011	69.202

Year of issue	piece
2012	54,071
2013	69,276
2014	62,481
2015	64,761
2016	75,228
	689.615

The profit participation rights have the following remaining terms:

	December 31, 2016 T €	December 31, 2015 T €
up to 1 year	13,319	11,238
> 1 year	98.116	90,897
(of which > 5 years)	(47,884)	(43,210)
	111,435	102.135

(19) Provisions for pensions and similar obligations

The statutory regulation on the discounting of provisions in Section 253 (2) of the German Commercial Code (HGB) was changed in March 2016. In the case of pension obligations, discounting is carried out from the 2016 financial year onwards at the average market interest rate for the last 10 years (previously 7 years) published by the Deutsche Bundesbank in accordance with the Provision Discounting Ordinance (RückAbzinsV).

According to Section 253 (2) of the German Commercial Code (HGB), from the 2016 financial year onwards, the difference between the amount recognized for provisions based on the corresponding average market interest rate from the past 10 financial years and the amount recognized for provisions based on the corresponding average market interest rate from the previous 7 financial years must be determined. According to Section 253 (6) of the German Commercial Code (HGB), profits may only be distributed if the freely available reserves remaining after the distribution plus a profit carryforward and minus a loss carryforward are at least equal to this difference.

B. Braun Melsungen AG's pension obligations are measured using a projected unit credit method. With this method, the pensions in progress on the reference date and the part of the entitlements (so-called earned) attributable to the previous period of service are assessed. In addition, the related, expected future increases due to salary increases or pension adjustments are also taken into account. The present value of the obligation (DBO) is determined by dividing the expected future pension benefits (the settlement amount within the meaning of Section 253 (1) sentence 2 HGB) in accordance with Section 253 (2) HGB using the average market interest rate for the past 10 years (previous year: 7 years) are discounted. Use is made of the simplification rule in accordance with Section 253, Paragraph 2, Clause 2 of the German Commercial Code (HGB) and a flat rate of interest is set for a remaining term of 15 years.

Pledged reinsurance policies exist for some pension commitments (deferred compensation), which represent plan assets within the meaning of Section 246 (2) sentence 2 of the German Commercial Code (HGB) and are therefore offset against the pension obligation. Since a fair value for life insurance contracts cannot be reliably determined, the reinsurance policies are valued at the tax asset value.

Since the corresponding pension commitments are based on the benefits from the reinsurance policies with the exception of a committed minimum benefit, they are securities-linked pension commitments within the meaning of Section 253 (1) sentence 3 of the German Commercial Code (HGB). The obligations were therefore also valued at the asset value of the corresponding reinsurance policy.

Expenses and income from the plan assets are offset against expenses and income from the discounting of provisions; the result is shown in the financial result. This also includes changes in the present value of the obligations due to changes in the average market interest rate compared to the previous year. The remaining expenses are shown as expenses for pensions in the operating result.

In the 2010 financial year, B. Braun Melsungen AG switched to accounting in accordance with the Accounting Law Modernization Act (BilMoG). The difference determined as of January 1, 2010 due to the first-time application of the BilMoG in the amount of € 111,999 thousand can be allocated over 15 years. In the 2016 financial year, the total difference not yet paid in the amount of T € 65,882 is recognized as other operating expenses. The provision as of December 31, 2016, after offsetting against the plan assets, amounts to T € 571,567.

The value of the pension obligations developed as follows:

	2016 T €	2015 T €
Pension obligation at the beginning of the year	569.506	495.721
Interest expense (including the effect of interest rate changes)	10,515	78,626
Pension expenses	12,382	13.306
Transfer payments due to a change of company	-356	87
Utility payments	-19.052	-18,234
Pension obligation at the end of the year	572.995	569.506

The value of the reinsurance policies that are to be classified as cover assets after the transition to the BilMoG has developed as follows:

	2016 T €	2015 T €
Asset value at the beginning of the year	1,597	1,449
Revenue from the reinsurance	43	47
Contributions	37	101
Insurance benefits paid out	-249	0
Asset value at the end of the year	1,428	1,597

The obligation from deferred compensation, which is offset against the reinsurance, amounts to € 1,428 thousand as of December 31, 2016.

Accordingly, the pension provision is as follows:

	December 31, 2016 T €	December 31, 2015 T €
Value of pension obligations	572.995	569.506
Value of the reinsurance	1,428	1,596
Difference not yet recorded due to the transition to the Accounting Law Modernization Act	0	65,882
Pension provisions	571,567	502.028

If the average market interest rate from the past 7 financial years (3.24%) had been applied, the provisions for pensions would have been T € 78,700 higher.

The expenses in connection with the company pension scheme are broken down as follows:

	2016 T €	2015 T €
Pension expenses	12,382	13,306
of which transfer payments due to a change of company	356	-87
of which pension payments	19,052	18,234
of which other changes in pension obligations	-7,026	-4,841
Interest and similar expenses	10,472	78,579
of which expenses from the compounding of obligations	21,751	22,108
of which income / expense due to a change in the actuarial interest rate	-11,236	56,518
of which income from the plan assets	43	47
Effort due to the transition to the BilMoG	65,881	7,467
	88,735	99,352

The following assumptions were used to determine the pension obligations:

	December 31, 2016	December 31, 2015
Discount rate	4.01%	3.89%
Salary increases	3.00%	3.00%
Pension increases	1.75%	1.75%
fluctuation	25% Mercer standard turnover	25% Mercer standard turnover

The assessment of the pension provisions of B. Braun Melsungen AG was based on the "2005 G mortality tables" by Klaus Heubeck.

(2 0) Other provisions

The main groups of provisions have developed as follows:

	Taxes T €	Personnel expenses T €	Uncertain liabilities of T €	Warranties T €	Remaining T €	Total T €
01/01/2015	238	44,428	37,320	1,192	14,097	97,275
Feed	6,691	36,838	38,674	1,333	5,420	88,956
consumption	-89	-30,435	-35,370	-1,192	-12,643	-79,729
resolution	0	-251	-992	0	-15	-1,258
December 31, 2015 / January 1, 2016	6,840	50,580	39,632	1,333	6,859	105,244
Feed	1,479	40,191	32,066	1,429	8,734	83,899
consumption	-6,446	-34,565	-33,251	-1,333	-5,344	-80,939
resolution	-394	-648	-811	0	-198	-2,051
December 31, 2016	1,479	55,558	37,636	1,429	10,051	106,153

The other provisions total T € 104,674 (previous year: T € 98,404).

Recognizable risks and uncertain liabilities have been adequately taken into account when forming the remaining provisions. They are measured in the amount that is necessary according to a reasonable commercial assessment.

The tax provisions contain amounts for past fiscal years as well as the period not yet subject to the external tax audit.

The provisions for personnel expenses mainly relate to obligations due to annual bonuses, severance payments / social plan, remaining vacation, partial retirement, preparatory work and anniversary bonuses.

Provisions for anniversaries (€ 16.6 million, previous year: € 14.8 million) are recognized on the basis of an actuarial report. The "2005G mortality tables" by Klaus Heubeck were used as the biometric calculation basis. The salary trend was assumed to be 3.0%. The discount rate is 4.01% pa. The calculation is based on the same fluctuation assumptions as the calculation of the pension provisions (25% Mercer standard fluctuation).

The provisions with a remaining term of more than one year were discounted using the average market interest rate for the past seven financial years corresponding to their remaining term. The interest rates determined by the Deutsche Bundesbank were used for this.

The remaining other provisions contain amounts for impending losses from contracts, for subsequent expenses from services already billed, for legal and consultancy costs and expenses relating to the past financial year. T € 95 (previous year: T € 212) was set aside for maintenance that was not carried out and which was carried out within three months of the balance sheet date.

(2 1) Liabilities

	December 31, 2016 Total T €	thereof remaining term of up to 1 year T €	thereof remaining term > 1 year T €	thereof remaining term thereof > 5 years T €	December 31, 2015 Total T €	thereof remaining term of up to 1 year T €
Liabilities to credit institutions	1,163,813	344,282	819,531	177,000	1,060,692	186,716
Advance payments received on orders	5,829	5,829	0	0	1,332	1,332
liabilities from goods and services	80,511	80,511	0	0	49,572	49,572
Liabilities to affiliated companies	712,406	712,406	0	0	654,591	654,591
of which from deliveries and services	(152,380)	(152,380)	(0)	(0)	(140,301)	(140,301)
of this received down payments on orders	(21,087)	(21,087)	(0)	(0)	(21,884)	(21,884)
Liabilities to companies with which there is a participation relationship	4,821	4,821	0	0	3,569	3,569
of which from deliveries and services	(2,039)	(2,039)	(0)	(0)	(2,034)	(2,034)
Other liabilities	191,512	163,805	27,707	20,672	177,438	137,574
of which in the context of social security	(2191)	(678)	(1,513)	(1,513)	(1725)	(668)
of which from taxes	(5,594)	(5,594)	(0)	(0)	(4,826)	(4,826)
of which, if applicable, shareholders	(75,638)	(74,719)	(919)	(22)	(65,416)	(65,416)
	2,158,892	1,311,654	847,238	197,672	1,947,194	1,033,354

The liabilities are recognized at the settlement amount.

Other liabilities include liabilities from borrowing from non-banks in the amount of € 57.6 million (previous year: € 57.8 million).

Other Information

(2 2) Cost of materials

The following cost of materials are included in the cost of sales and functional costs:

	2016 T €	2015 T €
Cost of raw materials and supplies	1,174,706	1,019,549
Expenses for purchased services	218,844	194,253
	1,393,550	1,213,802

(2 3) Personnel expenses / employees

The following personnel expenses are offset in the expense items of the income statement:

	2016 T €	2015 T €
Personnel expenses		
Wages and salaries	380,505	359,175
social taxes	63,454	60,988
Pension and support expenses	12,425	13,307
of that for pensions	(12,382)	(13,306)
	456,384	433,470
Employees by function (annual average, including temporary workers)		
production	3,547	3,462
Marketing and Sales	1,464	1,439
Research and Development	670	641
Technology and administration	1,151	1,116
	6,832	6,658
of which part-time employees	1,066	970

(2 4) Contingent Liabilities

	December 31, 2016 T €	December 31, 2015 T €
Provision of collateral for third-party liabilities	302,847	353,474
of which in favor of affiliated companies	(302,847)	(353,474)
Contract performance guarantees	41,781	46,496
of which in favor of affiliated companies	(41,781)	(46,496)

The collateral for third-party liabilities consists of letters of comfort and credit guarantees to banks in favor of affiliated companies. The risks of claims resulting from the provision of collateral for third-party liabilities as well as from the contract performance guarantees are viewed as low due to the good economic situation of our subsidiaries.

(2 5) Other Financial Obligations

	December 31, 2016 T €	December 31, 2015 T €
Obligations from rental and leasing contracts		
due up to 1 year	21,723	21,013
due 1 to 3 years	30,687	26,737
due over 3 years	24,025	32,458
	76,435	80,208
(of which to affiliated companies)	(53,643)	(56,918)
Purchase commitments	33,654	38,378
Total amount	110,089	118,586

Obligations of € 17.0 million result from service contracts (previous year: € 20.4 million).

In addition, there are obligations from the leasing of other movables and hardware. The hardware leasing obligations are mainly based on sale-and-lease-back transactions.

A process steam and heat supply contract still results in an annual purchase obligation of currently € 3.0 million. The contract runs until December 31, 2034.

(2 6) Off-balance sheet transactions

With regard to off-balance-sheet transactions, reference is made to numbers 12 and 25. Off-balance sheet transactions are usually used to improve liquidity and reduce total assets. No particular risks are taken with them.

(2 7) Derivative financial instruments

Derivative financial instruments are used to hedge against currency and interest rate risks from business operations, cash investments and other financing transactions.

These include, in particular, currency forwards and interest rate swaps. Internal group guidelines regulate their use. At B. Braun, derivative financial instruments are only used for hedging purposes. The risk management policy provides for the hedging of foreign currency risks from recognized assets and liabilities as well as a rolling hedge of up to 60 percent of the net increase or decrease expected in the following 12 months.

The transactions are only concluded with banks that were generally assessed as having good creditworthiness at the time the contract was concluded. In addition, transactions are passed on to group companies. The general credit risk from the derivative financial instruments used is not considered to be material.

Valuation losses from primary and derivative financial instruments are recognized immediately as expenses. As of the reporting date, financial instruments are essentially combined into valuation units (underlying and hedging transaction). For valuation units formed in this way, the freezing method is not used to record the hedging transactions in the balance sheet until the underlying transaction occurs. Once the underlying transaction has occurred, the underlying transaction and the hedging

transaction are recorded using the direct booking method. For financial instruments not designated in valuation units, a provision is made for impending losses from pending transactions.

The derivative financial instruments are recorded in the balance sheet items "Receivables and other assets" (T € 2,813, previous year: T € 1,348), "Other provisions" (T € 6,911, previous year: T € 3,526) and "Other liabilities" (T € 50, previous year: T € 295). In the case of financial instruments that are part of a valuation unit, the valuation loss exceeding the positive market values is taken into account through the formation of a provision for potential losses. A valuation gain does not affect income until it is realized.

Valuation units are created in the respective currency (macro hedges) to hedge against foreign currency risks from transactions that are expected with a high degree of probability. The transactions that are expected with a high degree of probability are determined on the basis of the B. Braun Melsungen AG business model and past experience. In addition, valuation units are formed from hedging transactions that are concluded externally and passed on to group companies as part of the group treasury. In all cases, the hedging relationships are very effective on the reporting date,

Valuation units (micro-hedges) are also formed to hedge interest rate risks from existing financing with variable interest rates. These hedging relationships are accounted for using the freezing method. The very high effectiveness of the hedging relationships is given on the balance sheet date, since the essential risk-determining parameters between the underlying and the hedging transaction match (critical terms match method).

The market values refer to the liquidation amounts (surrender value) of the financial derivatives on the balance sheet date. The determination is made using recognized valuation methods based on current market data, whereby these are determined at the value on the balance sheet date without taking into account the opposite development in value from the underlying transaction. For reasons of materiality, this determination is made without taking into account the own credit risk or the counterparty credit risk.

Doing business with banks	Nominal volume		Market values	
	December 31, 2016 T €	December 31, 2015 T €	December 31, 2016 T €	December 31, 2015 T €
Foreign exchange forwards with banks	769,933	770,472	-20,106	16,807
Interest rate hedges with banks	125,000	125,000	-2,782	-3,438
Derivative transactions with banks	894,933	895,472	-22,888	13,369
Forward exchange transactions with group companies	319,563	327,013	15,603	-15,145

The market values are the balance of positive and negative values. Market values from forward exchange transactions with banks in the amount of T € -19,360 (previous year: T € 15,600) were included in valuation units. From interest rate hedges, market values of T € -2,782 (previous year: T € -3,438) were included in valuation units. Forward exchange transactions with Group companies result in market values of € 15,628 thousand (previous year: € -15,055 thousand), which were included in valuation units.

The nominal volumes of the following basic transactions were combined into valuation units with hedging transactions:

	Nominal volume	Nominal volume
	12/31/2016 T €	12/31/2015 T €
Foreign currency risks from highly probable transactions from our operating business	81,029	107,484
Foreign currency risks from receivables	7,786	18,599
Foreign currency risks from liabilities	7,335	13,642
Foreign currency risks from pending foreign currency transactions with group companies	313,093	295,425
Interest rate risks from existing financing with variable interest rates	125,000	125,000
	534,243	560,150

It is expected that the cash flows and changes in value of the hedged risks for foreign currency transactions in the financial years 2017 to 2018 and for interest rate hedges in the financial years up to 2019 will each fully offset each other.

In addition to the valuation units mentioned above, a valuation unit is also formed from two USD loans to secure the foreign currency risk (micro-hedge). The nominal amount of the bank loan taken out or the intercompany loan granted is USD 108 million each. The loans have a term until 2019. This hedging relationship is accounted for using the freezing method. The hedging relationship is very effective on the balance sheet date, as the key risk-determining parameters between the underlying and the hedging transaction match (critical terms match method).

As of December 31, 2016, the amount of the risks hedged with all valuation units was T € 46,811 (previous year: T € 45,859).

(2 8) Transactions with related companies and persons

Transactions with related companies and persons were carried out on customary market terms.

(29) Total auditor's fee

B. Braun Melsungen AG has made use of the exemption provision in Section 285 No. 17 of the German Commercial Code (HGB), as the total fee of the auditor is stated in the consolidated financial statements.

(30) Total remuneration of the Board of Management and the Supervisory Board

The total remuneration of the Management Board for the financial year was € 11,412 thousand. Of this, the CEO received € 636 thousand in fixed remuneration and € 909 thousand in variable remuneration from profit-sharing schemes. We spent an amount of T € 698 on the Supervisory Board in the financial year. A total of T € 23,026 has been set aside for pension obligations to former members of the Management Board and their surviving dependents, the current remuneration (pension payments) amounts to T € 2,064.

(31) Proposal for the appropriation of the retained earnings of B. Braun Melsungen AG

The Management Board proposes to the Annual General Meeting that the resulting balance sheet profit, after transferring T € 2,702 to the statutory reserve and T € 20,000 to the other revenue reserves, be used as follows:

	T €
Payment of a cash dividend	32,000
Allocation to the other revenue reserves	0
Carry forward on a new account	40,216
	72,216

(3 2) Supplementary report

From the end of the financial year up to the date of preparation of the annual financial statements, there were no matters with a significant impact on the earnings, financial and asset position of the 2016 financial year.

(3 3) Notifications in accordance with Section 20 Paragraphs 1, 3 and 4 of the German Stock Corporation Act

B. Braun Holding GmbH & Co. KG, Melsungen, registered in the commercial register of the Fritzlar Local Court under HRA 14 031, has informed us in accordance with Section 20 Paragraphs 1 and 4 of the German Stock Corporation Act that it owns a majority stake in B. Braun Melsungen AG.

BraHo Verwaltungsgesellschaft mbH, Melsungen, registered in the commercial register of the Fritzlar Local Court under HRB 11 305, has informed us in accordance with Section 20 Paragraphs 1, 3 and 4 of the German Stock Corporation Act that it owns an indirect majority stake in B. Braun Melsungen AG.

Supervisory board

Prof. Dr. hc Ludwig Georg Braun

Chairman

Former CEO of B. Braun Melsungen AG, Melsungen

Peter Hohmann *

deputy chairman

Group Works Council Chairman of the B. Braun Group

Germany

Chairman of the works council of the Melsungen site of B. Braun Melsungen AG, Melsungen

Barbara Braun-Lüdicke

Clerk, Melsungen

Prof. Dr. Dr. hc mult. Markus Büchler

Heidelberg University Hospital

Medical Director Department of General,

Visceral and transplant surgery

Kathrin Dahnke (from March 22, 2016)

Member of the board of directors of Wilh. Werhahn KG, Neuss

Alexandra Friedrich *

Deputy Chairwoman of the Works Council of the Melsungen site of B. Braun Melsungen AG, Melsungen

Edeltraud Glänzer *

Member of the executive board

of the IG BCE, Hanover

Michael Guggemos *

Hans Böckler Foundation, Management Spokesman, Düsseldorf

Hans-Carsten Hansen

former President Human Resources at BASF SE, Ludwigshafen

Rainer Hepke *

Chairman of the General Works Council of B. Braun

Melsungen AG, Melsungen

Manfred Herres *

Director of Production, B. Braun Avitum AG, Melsungen

Dr. hc August Oetker (until March 22, 2016)

Chairman of the Advisory Board of Dr. August Oetker KG, Bielefeld

Dr. Ing. Joachim Rauhut

former member of the Board of Management of Wacker Chemie AG, Munich

Ekkehard Rist *

Deputy Group Works Council Chairman of the

B. Braun Group Germany

Chairman of the Works Council of Aesculap AG, Tuttlingen

Prof. Dr. rer. pole. Thomas Rödder

Tax consultants and auditors,

Partner of the law firm Flick Gocke Schaumburg, Bonn

Prof. Dr. med. Oliver Schnell

Founder and managing director of Sciarc GmbH, Baierbrunn

Mike Black *

Exempt works council of B. Braun Melsungen AG,

Melsungen

* elected by the employees

Board

Prof. Dr. rer. pole. Heinz-Walter Große

Chairman of the Board of Directors

Central HR and Legal Department

Labor Director

Dr. rer. pole. Annette Beller

	Accumulated depreciation			
	01/01/2016 T €	Additions T €	Write-up of T €	Transfer bookings T €
Acquired concessions, industrial property rights and similar rights and values, as well as licenses to such rights and values	64.508	13,787	0	0
Advance payments made	0	0	0	0
	64.508	13,787	0	0
Property, plant and equipment				
Land, leasehold rights and buildings, including buildings on third-party land	207,301	11,066	0	0
Technical equipment and machinery	408.097	39.909	0	0
Other equipment, factory and office equipment	82.211	8,075	0	0
Payments on account and assets under construction	0	0	0	0
	697,609	59,050	0	0
Financial assets				
Shares in affiliated companies	738	0	0	0
Loans to affiliated companies	0	0	0	0
Holdings	30th	0	0	0
Fixed asset securities	0	0	0	0
Other loans	0	0	0	0
	768	0	0	0
	762.885	72,837	0	0

	Accumulated depreciation			December 31, 2016 T €
	Unscheduled T €	Post- capitalization T €	Disposals T €	
Intangible assets				
Acquired concessions, industrial property rights and similar rights and values, as well as licenses to such rights and values	0	0	286	78.009
Advance payments made	0	0	0	0
	0	0	286	78.009
Property, plant and equipment				
Land, leasehold rights and buildings, including buildings on third-party land	0	0	135	218.232
Technical equipment and machinery	0	450	8,303	440.153
Other equipment, factory and office equipment	0	22nd	2,887	87,421
Payments on account and assets under construction	0	0	0	0
	0	472	11,325	745.806
Financial assets				
Shares in affiliated companies	0	0	0	738
Loans to affiliated companies	0	0	0	0
Holdings	0	0	0	30th
Fixed asset securities	2,519	0	0	2,519
Other loans	0	0	0	0
	2,519	0	0	3,287
	2,519	472	11,611	827.102

	Book values	
	December 31, 2016 T €	December 31, 2015 T €
Intangible assets		
Acquired concessions, industrial property rights and similar rights and values, as well as licenses to such rights and values	50,491	48,248
Advance payments made	95,478	83,769
	145.969	132.017
Property, plant and equipment		
Land, leasehold rights and buildings, including buildings on third-party land	170.071	166.933
Technical equipment and machinery	272,435	229.109
Other equipment, factory and office equipment	28,181	26,304
Payments on account and assets under construction	156.031	179,688
	626.718	602.034
Financial assets		
Shares in affiliated companies	743,406	727.966
Loans to affiliated companies	168,809	171,322
Holdings	345,805	313,434
Fixed asset securities	2.115	4,634

	Book values	
	December 31, 2016	December 31, 2015
	T €	T €
Other loans	1,062	911
	1,261,197	1,218,267
	2,033,884	1,952,318



SHAREHOLDINGS OF B. BRAUN MELSUNGEN AG AND THE GROUP

(AS OF 12/31/2016, AMOUNTS IN T €)

Name and seat of the company	Share of capital in% ¹⁾	Equity	Result	Sales	Employee
Germany					
0102 AESCULAP AG, Tuttlingen ²⁾	100.0	76.084	8,446	771.231	3,551
0179 AESCULAP AKADEMIE GMBH, Tuttlingen ²⁾	100.0	26	0	0	0
0197 AESCULAP FLEXIMED GMBH, Denzlingen	64.7	2,171	49	8,656	20th
0108 AESCULAP INTERNATIONAL GMBH, Tuttlingen ²⁾	100.0	205,777	0	0	0
0180 AESCULAP SUHL GMBH, Suhl ²⁾	100.0	3,680	-71	14,165	121
0103 ALMO products E. Busch GmbH, Bad Arolsen	60.0	24,538	3,901	68,476	384
0158 Avitum TransCare Germany GmbH, Melsungen ²⁾	94.0	25th	0	1	0
0147 BBM Group Insurance Broker GmbH, Melsungen ²⁾	100.0	41	-5	2,240	11
0189 B. Braun Avitum AG, Melsungen ²⁾	94.0	87,088	3,816	411.604	884
0155 B. Braun Avitum Saxonia GmbH, Radeberg ²⁾	94.0	13,181	555	92,497	756
0171 B. Braun Facility Services GmbH & Co. KG, Melsungen	100.0	-3,557	-140	19,247	85
0172 B. Braun Facility Services Verwaltungs GmbH, Melsungen	100.0	33	1	0	0
0106 B. Braun International GmbH, Melsungen ²⁾	100.0	25th	0	0	0
0159 B. Braun IT Service GmbH, Melsungen ²⁾	100.0	-648	6th	84	6th
0144 B. Braun Medical AG, Melsungen ²⁾	100.0	12,995	287	5,331	0
0170 B. Braun Mobilien GmbH, Melsungen ²⁾	100.0	25th	0	0	0
0120 B. Braun North America Verwaltungsgesellschaft mbH, Melsungen ²⁾	100.0	149,309	0	0	0
0142 B. Braun Petzold GmbH, Melsungen ²⁾	100.0	26	0	0	0
0105 B. Braun Surgical GmbH, Melsungen ²⁾	100.0	154,447	-2	0	0
0157 B. Braun TravaCare GmbH, Hallbergmoos ²⁾	100.0	42	-7	40,827	66
0136 B. Braun Vertriebs GmbH, Melsungen ²⁾	100.0	24	0	0	0
0177 B. Braun Vet Care GmbH, Tuttlingen ²⁾	100.0	-148	-54	14,904	19th
0711 B. Braun via medis GmbH, Melsungen	94.0	3,898	2,140	411	5
0146 Bibliomed Med. Verlagsges.mBH., Melsungen ²⁾	100.0	39	4th	6,972	0
0732 DTZ Dialyse Training Centers GmbH, Nuremberg ²⁾	94.0	41,875	-130	30,604	352
0733 DTZ MVZ GmbH, Nuremberg	94.0	22nd	-1	0	0
0709 Hansepharm GmbH & Co. KG, Roth	100.0	1,637	48	608	0
0735 Hubertus Immobilien GmbH & Co. KG, Nuremberg	94.0	7th	-2	0	0
0734 Hubertus Immobilien Verwaltungs GmbH, Nuremberg	94.0	11	1	0	0
0702 Inko Internationale Handelskontor GmbH, Roth ²⁾	100.0	4,563	14th	14,206	25th
0128 Invitec GmbH & Co. KG, Duisburg ²⁾	100.0	1,945	719	4,231	44
0127 Invitec Verwaltungs GmbH, Duisburg	100.0	22nd	0	0	0
0116 Kultur-Fabrik Melsungen GmbH & Co. Betriebs KG, Melsungen ³⁾	51.0	0	0	0	0
0117 Kultur-Fabrik Melsungen Verwaltungs GmbH, Melsungen ³⁾	50.4	0	0	0	0
0175 Langenbeck -Virchow-Haus- Veranstaltungen GmbH, Berlin ³⁾	100.0	0	0	0	0
0176 Langenbeck -Virchow-Haus-Verwaltung GmbH, Berlin ³⁾	50.8	0	0	0	0
0752 Lauer Membrane Wassertechnik GmbH, Wittlingen	94.0	2,653	267	13,269	61
0153 MAT Adsorption Technologies GmbH & Co. KG, Elsenfeld [*]	94.0	-3,544	847	4,264	22nd
0154 MAT Adsorption Technologies Verwaltungs-GmbH, Elsenfeld	94.0	40	1	0	0
0131 medical experts online GmbH & Co. KG, Melsungen	100.0	871	81	844	0
0132 medical experts online Verwaltungs-GmbH, Melsungen	100.0	26	0	0	0
0731 medicut Stent Technology GmbH, Pforzheim	100.0	872	-724	2,850	31
0717 Medical supply center ViaMedis Remscheid GmbH, Remscheid ²⁾	94.0	62	19th	1,619	15th
0726 MVZ Hagenow GmbH, Hagenow ²⁾	94.0	227	-43	1,555	20th
0727 MVZ Ludwigslust GmbH, Ludwigslust ²⁾	94.0	349	-87	1,518	15th
0724 MVZ Medical Supply Center Saarbrücken GmbH, Saarbrücken ²⁾	94.0	3,344	-107	7,087	79
0728 MVZ Parchim GmbH, Parchim ²⁾	94.0	461	-122	2,105	23
0729 MVZ Schwerin Ost GmbH, Schwerin ²⁾	94.0	29	12th	875	14th
0730 MVZ Schwerin West GmbH, Schwerin ²⁾	94.0	1,259	-318	6,772	85
0169 Kidney Center Bad Kissingen MVZ GmbH, Bad Kissingen ²⁾	94.0	1,545	292	1,945	24

	Name and seat of the company	Share of capital				
		in% ¹⁾	Equity	Result	Sales	Employee
0130	Noah Beteiligungs GbR, Melsungen	100.0	1,682	0	0	0
0701	NutricheM diät + pharma GmbH, Roth ²⁾	100.0	29,815	76	47.110	311
0152	Paul Müller Technical Products GmbH, Melsungen ²⁾	100.0	363	-5	8,928	45
0150	PNS Professional Nutrition Services GmbH, Melsungen ²⁾	100.0	268	-39	2,869	14th
0163	REVIUM Rückversicherung AG, Melsungen	100.0	14,270	1,393	4,424	0
0186	SteriLog GmbH, Tuttlingen	100.0	35	162	5,159	27
0192	TETEC Tissue Engineering Technologies AG, Reutlingen	92.5	-15,155	-5,182	8.091	75
0149	TransCare Gesundheitsservice GmbH, Melsungen ²⁾	100.0	-101	0	0	0
0126	TransCare Service GmbH, Neuwied	55.0	3,072	-30	13,379	106
0710	Management company Hansepharm GmbH, Roth	100.0	68	0	0	0
0719	via medis Medical Supply Center Südharz GmbH, Herzberg am Harz ²⁾	94.0	293	155	3,526	49
0712	via medis Kidney Center Braunschweig MVZ GmbH, Braunschweig ²⁾	94.0	466	71	5,204	50
0713	via medis Kidney Center Bremerhaven MVZ GmbH, Bremerhaven ²⁾	94.0	124	66	2.711	32
0714	via medis Kidney Center Bremerhaven- Speckenbüttel MVZ GmbH, Bremerhaven ²⁾	94.0	-1,469	372	2,200	41
0716	via medis Kidney Center Gifhorn MVZ GmbH, Gifhorn ²⁾	94.0	685	-59	3,700	35
0721	via medis Kidney Center South Palatinate MVZ GmbH, Landau in the Palatinate	94.0	289	274	3,393	47
0723	via medis Kidney Center Oldenburg MVZ GmbH, Oldenburg ²⁾	94.0	551	529	2,932	31
0718	via medis Kidney Center Riesa MVZ GmbH, Riesa ²⁾	94.0	-174	254	4.101	46
0722	via medis Kidney Center Suhl MVZ GmbH, Suhl ²⁾	94.0	281	256	4,714	40
0738	via medis Kidney Center Shelf Company No. 2 MVZ GmbH, Melsungen	94.0	25th	-0	0	0
0739	via medis Kidney Center Shelf Company No. 3 MVZ GmbH, Melsungen	94.0	25th	-0	0	0
0736	via medis Kidney Center Wolfenbüttel MVZ GmbH, Wolfenbüttel	94.0	57	32	1.934	20th
Europe						
0248	ACC Beruhazo Kft., Budapest / Hungary	94.0	1,516	39	912	6th
0552	AESULAP AKADEMIJA doo., Zagreb / Croatia	36.0	-16	-2	0	0
0236	Aesculap Chifa Sp. Z oo., Nowy Tomysl / Poland	98.9	108.906	11,479	160,516	2,088
0237	Aesculap SAS, Chaumont / France	100.0	11,638	1,567	14,663	118
0673	Aide au Traitement de l'Insuffisante Rénale en Rhône Alpes SAS, Gradignan / France	94.0	862	210	3,803	35
0670	ANDRA, Gradignan / France	94.0	623	-56	2,993	30th
0618	Aquaboss Holding AG, Lucerne / Switzerland	94.0	11,613	9,186	103	0
0648	Asociatia Aesculap Pentru Educatie, Remetea Mare / Romania	72.0	-6	-32	0	0
0659	ATS Italia Srl. Milano / Italy	65.0	902	7th	561	5
0635	Avitum Srl., Timisoara / Romania	94.0	1,337	2,444	23,437	445
0650	B. Braun Adria doo., Zagreb / Croatia	36.0	8,970	1,581	13,067	35
0651	B. Braun Adria RSRB doo., Novi Beograd / Serbia	36.0	1,673	574	5,890	22nd
0220	B. Braun Austria Ges. MbH., Maria Enzersdorf / Austria	60.0	55,460	15,075	60,537	145
0631	B. Braun Avitum Ankara Diyaliz Hizmetleri AS, Ankara / Turkey	93.2	-665	-278	1,089	32
0297	B. Braun Avitum Austerlitz sro., Slavkov and Brna / Czech Republic	93.7	1,678	-234	3,240	68
0283	B. Braun Avitum Austria Ges. MbH, Maria Enzersdorf / Austria	62.1	1,709	43	0	3
0625	B. Braun Avitum Bulgaria EOOD, Sofia / Bulgaria	94.0	4th	0	0	0
0641	B. Braun Avitum Cedival SL, Valencia / Spain	96.4	1,513	166	1,802	23
0287	B. Braun Avitum Croatia doo., Zagreb / Croatia	94.0	754	0	0	0
0205	B. Braun Avitum Espana SA, Rubi / Spain	96.4	3,763	-692	0	10
0202	B. Braun Avitum France SAS, Gradignan / France	94.0	14,755	2,503	16,120	19th
0241	B. Braun Avitum Hungary Egeszsegügyi Szolgáltató Zrt., Budapest / Hungary	94.0	19,894	1,152	29,430	703
0691	B. Braun Avitum Ireland Ltd., Dublin / Ireland	94.0	-512	188	0	0
0231	B. Braun Avitum Italy SpA., Mirandola / Italy	94.0	30,754	5,379	62,849	247
0227	B. Braun Avitum Nefrovall SL, Vall D'Uixó / Spain	96.4	2,180	380	2,106	27
0680	B. Braun Avitum Oy, Helsinki / Finland	94.0	2,853	248	2,356	26
0285	B. Braun Avitum Poland Sp.z oo, Nowy Tomysl / Poland	95.1	9,184	2,299	33,642	424
0694	B. Braun Avitum Russia Clinics OOO, St. Petersburg / Russia	94.0	7.011	1,518	23,758	666
0687	B. Braun Avitum Russia OOO, St. Petersburg / Russia	94.0	60,405	9,088	48.994	53
0207	B. Braun Avitum Servicios Renales SA, Rubí (Barcelona) / Spain	96.4	9,479	1,747	15,519	197
0636	B. Braun Avitum SRL, Timisoara / Romania	94.0	1,474	165	5,541	8th
0286	B. Braun Avitum sro., Bratislava / Slovakia	93.7	1,177	2,602	14,025	215
0284	B. Braun Avitum sro., Prague / Czech Republic	93.7	7,922	2,466	27,234	365
0267	B. Braun Avitum Turkey Sanayi Ticaret Anonim Sirketi, Ankara / Turkey	94.0	7,553	-746	7,282	15th
0684	B. Braun Avitum UAB, Vilnius / Lithuania	94.0	-867	621	3,846	92
0683	B. Braun Avitum (UK) Ltd., Sheffield / England	94.0	4,336	1,365	28,718	249
0642	B. Braun Avitum Valnefron SL, Valencia / Spain	96.4	2,378	411	2,667	31
0235	B. Braun Healthcare Ltd., Sheffield / England	100.0	491	0	0	0
0265	B. Braun Hospicare Ltd., Co. Sligo / Ireland	100.0	3,663	-3,568	15,887	115
0632	B. Braun Kalyon Medikal ve Dis Ticaret AS, Istanbul / Turkey	100.0	3,077	1.010	11,251	26

	Name and seat of the company	Share of capital				
		in% ¹⁾	Equity	Result	Sales	Employee
0279	B. Braun Logistics SL, Santa Oliva / Tarragona / Spain	100.0	855	341	19,460	57
0252	B. Braun Medical AB, Danderyd / Sweden	100.0	3,583	2,405	50,171	53
0276	B. Braun Medical AG, Sempach / Switzerland	51.0	248,347	19,299	301,249	951
0223	B. Braun Medical A / S, Frederiksberg / Denmark	100.0	2,436	789	19,407	33
0214	B. Braun Medical A / S, Vestskogen / Norway	100.0	2,370	1,122	22,151	34
0211	B. Braun Medical BV, Oss / Netherlands	100.0	6,817	2,180	61,999	159
0626	B. Braun Medical EOOD, Sofia / Bulgaria	60.0	4,652	1,299	14,250	57
0201	B. Braun Medical International SL, Rubi / Spain	100.0	168,798	6,713	5,337	23
0627	B. Braun Medical Kazakhstan LLP, Almaty / Kazakhstan	100.0	1,530	579	5,265	42
0240	B. Braun Medical Kft., Budapest / Hungary	60.0	38,389	5,050	80,719	1,128
0257	B. Braun Medical Lda., Barcarena / Portugal	100.0	33,358	912	53,904	147
0299	B. Braun Medical LLC, St. Petersburg / Russia	100.0	42,849	9,046	123,856	440
0213	B. Braun Medical Ltd., Dublin / Ireland	100.0	4,292	2,349	26,333	47
0288	B. Braun Medical Ltd., Sheffield / England	100.0	51,666	9,093	163,429	534
0219	B. Braun Medical NV, Diegem / Belgium	100.0	2,887	-20	34,467	75
0242	B. Braun Medical OÜ, Tallinn / Estonia	100.0	1,584	121	6,684	23
0222	B. Braun Medical Oy, Helsinki / Finland	100.0	3,704	2,050	39,443	52
0225	B. Braun Medical SA, Rubi / Spain	100.0	247,925	28,513	258,071	1,286
0209	B. Braun Medical SAS, Boulogne-Billancourt / France	100.0	86,041	15,323	310,291	1,283
0243	B. Braun Medical SIA, Riga / Latvia	100.0	3,376	612	9,816	25th
0254	B. Braun Medical sro., Bratislava / Slovakia	70.0	8,029	752	27,401	29
0253	B. Braun Medical sro., Prague / Czech Republic	70.0	24,020	1,957	64,008	184
0244	B. Braun Medical UAB, Vilnius / Lithuania	100.0	1,259	335	5,216	14th
0629	B. Braun Medical Ukraine LLC, Kiev / Ukraine	100.0	946	315	3,663	30th
0296	B. Braun Medikal Dis Ticaret AS, Sariyer Istanbul / Turkey	100.0	6,435	-62	14,809	83
0221	B. Braun Milano SpA., Milano / Italy	100.0	35,792	2,851	123,204	224
0638	B. Braun Pharmaceuticals SA, Timisoara / Romania	60.0	3,637	708	8,075	165
0612	B. Braun Sterilog (Birmingham) Ltd., Sheffield / England	100.0	-5,088	775	13,849	229
0611	B. Braun Sterilog Ltd., Sheffield / England	100.0	-9,554	-933	0	8th
0613	B. Braun Sterilog (Yorkshire) Ltd., Sheffield / England	100.0	-4,259	228	9,489	166
0224	B. Braun Surgical SA, Rubi / Spain	100.0	129,516	10,012	169,399	803
0658	B. Braun Trading Kft., Budapest / Hungary	60.0	2,227	1,104	17,367	40
0640	B. Braun VetCare SA, Rubi / Spain	100.0	7,656	1,353	12,691	26
0692	B. Braun Wellstone Ltd., Dublin / Ireland	94.0	2,019	376	2,725	23
0675	Center de Néphrologie d'Antibes SAS, Gradignan / France	94.0	323	365	5,244	45
0663	Center d'Hémodialyse des Alpes SAS, Manosque / France	94.0	448	166	4,501	45
0666	Center de Néphrologie de Châteauroux SAS, Gradignan / France	94.0	236	453	6,358	52
0669	Center de Néphrologie de Montargis SAS, Gradignan / France	94.0	469	235	5,513	40
0203	CIRAD SAS, Gradignan / France	94.0	798	655	5,407	41
0682	Dializes Centrs SIA, Jelgava / Latvia	94.0	122	49	648	10
0668	Dialysis Services GIE, Gradignan / France	94.0	-350	-35	5,743	37
0652	"Dialysis Centers" Paracels ", Kingisepp / Russia	94.0	78	16	407	24
0273	Diomedes Health Care Consultants AG, Sempach / Switzerland	51.0	106	0	0	0
0290	Downs Surgical Limited, Sheffield / England	100.0	1,631	0	0	0
0679	Dravis Sp. Z oo., Nowy Tomysl / Poland	98.9	1	0	0	0
0614	Elyse Gorinchem BV, Oss / Netherlands	51.0	-60	-60	61	0
0603	Elyse Holding BV, Oss / Netherlands	100.0	1,865	-755	3,750	42
0693	Gematek OOO, St. Petersburg / Russia	100.0	16,417	1,490	10,927	245
0676	Hemo Holding BV, Oss / Netherlands	100.0	-1,324	-63	0	0
0689	Infectless AG, Sempach / Switzerland	51.0	167	-29	0	0
0704	Inko Dietkost- und Sportartikel Handelsgesellschaft mbH, Maria Enzersdorf / Austria	100.0	-387	-84	1,783	2
0707	Inko SAS, Boulogne-Billancourt / France	100.0	-365	-399	2,946	8th
0705	Inko Sports AG, Bubendorf / Switzerland	100.0	1,370	-267	3,176	13th
0609	Lauer France SARL, Mulhouse / France	94.0	0	-3	0	0
0696	LLC Dialysis Center "B. Braun Avitum Russia", St. Petersburg / Russia	94.0	-165	176	1,186	15th
0678	LLC "DIALIZ SP", St. Petersburg / Russia	94.0	8,897	-2,366	826	24
0654	LLC "Medical center of high technologies outpatient department Nr.1", Moscow / Russia	94.0	3,026	122	4,483	68
0653	LLC "Tsentralizatsiya", Chelyabinsk / Russia	94.0	1,747	-322	6,600	161
0697	MCP-Medicare LLC, St. Petersburg / Russia	94.0	6,156	1,751	14,732	288
0604	Niercentrum Aan De Amstel BV (Nada), Amstelveen / Netherlands	50.0	1,526	308	2,600	0
0688	Ortopedicum Sp.zo.o., Kraków / Poland	98.8	6,502	-555	1,733	18th
0686	PDV Private Dialyse Vorarlberg GmbH, Nenzing / Austria	31.0	987	72	2,809	28
0295	Poliklinika za internu medicinu i dijalizu B. Braun Avitum, Zagreb / Croatia	47.9	1	288	2,565	35

	Name and seat of the company	Share of capital		Result	Sales	Employee
		in% ¹⁾	Equity			
0250	Référence Santé SAS, Boulogne / France	100.0	1,124	501	5,261	9
0294	SC B. Braun Medical SRL, Remetea Mare / Romania	61.9	5,217	2,576	25,911	100
0674	SCI La Ligure, Gradignan / France	94.0	54	46	0	0
0672	SOC Franc Developpt Techniques Medi SAS, Gradignan / France	94.0	-17	1	4,577	48
0661	Société Brestoise du Rein Artificiel SAS, Gradignan / France	94.0	140	-5	2,183	20th
0607	SOP sro., Bratislava / Slovakia	93.7	44	-78	0	0
0270	SteriLog Instrumentenmanagement GmbH, Maria Enzersdorf / Austria	60.0	328	289	553	4th
0274	SteriLog Sterilgutversorgung Luzern AG, Lucerne / Switzerland	40.2	348	409	5,202	37
0602	Stichting Elyse, Almere / Netherlands	100.0	-0	-1	6,289	0
0639	Suturex & Renodex SAS, Sarlat / France	100.0	15,488	2,023	16,708	162
0554	WBR Centro Dialitico Srl., Lana / Italy	94.0	106	0	0	0
	North America					
0333	Aesculap Biologics LLC, Center Valley / USA	95.5	-3,107	-608	0	24
0331	Aesculap Inc., Center Valley / USA	95.5	108,209	11,934	206,037	473
0332	Aesculap Implant Systems LLC, Center Valley / USA	95.5	-28,488	-5,519	49,601	108
0368	B. Braun CeGaT US LLC, Bethlehem / USA	57.8	1,966	-504	0	2
0328	B. Braun Interventional Systems Inc., Bethlehem / USA	95.5	38,954	2,672	39,605	43
0329	B. Braun Medical Inc., Bethlehem / USA	95.5	458,122	71,572	1,088,140	5,203
0305	B. Braun of America Inc., Bethlehem / USA	95.5	93,983	181	0	0
0367	B. Braun of Canada Ltd., Mississauga / Canada	95.5	2,772	713	19,986	17th
0365	B. Braun of Delaware Inc., Wilmington / USA	95.5	81	-39	0	0
0360	Central Admixture Pharmacy Services Inc., Santa Fe Springs / USA	95.5	103,940	5,665	193,052	551
0327	SAFE bt, Inc., Wilmington / USA	95.5	-42	-3	0	0
	Asia Pacific					
0438	Aesculap Academy (Suzhou) Co., Ltd., Suzhou / China	100.0	34	27	920	6th
0435	AESFULAP SCIENTIFIC TOOLS SDN. BHD., Petaling Jaya / Malaysia	100.0	1,721	-2	0	0
0436	AESFULAP SURGICAL INDUSTRIES SDN. BHD., Petaling Jaya / Malaysia	100.0	3,107	-2	0	0
0472	Ahlcon Parenterals (India) Limited., New Delhi / India	96.1	10,305	-4,534	17,081	810
0461	B. Braun Aesculap Japan Co Ltd., Tokyo / Japan	100.0	53,988	3,489	129,621	584
0458	B. Braun Australia Pty. Ltd., Sydney / Australia	100.0	16,768	1,404	58,570	109
0418	B. Braun Avitum Holdings Singapore Pte. Ltd., Singapore / Singapore	94.0	-152	-269	620	10
0492	B. Braun Avitum Korea Co., Ltd., Seoul / Korea	94.0	58	0	59	1
0462	B. Braun Avitum Philippines Inc., Taguig City / Philippines	100.0	10,051	1,472	34,894	226
0411	B. Braun Avitum Renal Services Sdn. Bhd., Petaling Jaya / Malaysia	100.0	3,234	588	2,003	55
0488	B. Braun Avitum (Shanghai) Trading Co. Ltd., Shanghai / China	94.0	44,764	8,109	124,065	244
0489	B. Braun (China) Investment Co., Ltd., Shanghai / China	100.0	23,656	-1,571	0	0
0478	B. Braun Korea Co. Ltd., Seoul / Republic of Korea	100.0	14,163	-3,371	73,934	134
0491	B. Braun Lanka (Private) Limited, Colombo / Sri Lanka	100.0	3,292	880	5,044	30th
0459	B. Braun Medical (HK) Ltd., Hong Kong / China	100.0	76,103	28,891	194,202	30th
0475	B. Braun Medical (India) Pvt. Ltd., Mumbai / India	100.0	23,400	3,462	63,372	960
0407	B. Braun Medical Industries Sdn. Bhd., Petaling Jaya / Malaysia	100.0	465,233	62,622	453,194	7,361
0483	B. Braun Medical Production Ltd., Bangkok / Thailand	100.0	190	-31	0	0
0493	B. Braun Medical (Shandong) Co., Ltd., Zibo (Shandong) / China	100.0	17,953	-1,700	3,772	104
0486	B. Braun Medical (Shanghai) International Trading Co. Ltd., Shanghai / China	100.0	16,204	8,322	203,885	977
0460	B. Braun Medical Supplies Inc., Taguig City / Philippines	100.0	11,342	2,488	27,287	169
0408	B. Braun Medical Supplies Sdn. Bhd., Petaling Jaya / Malaysia	100.0	30,824	4,519	51,745	165
0487	B. Braun Medical (Suzhou) Company Limited, Suzhou / China	100.0	15,473	586	51,672	426
0466	B. Braun Needle Industries Sdn. Bhd., Petaling Jaya / Malaysia	100.0	3,529	51	0	0
0457	B. Braun New Zealand Pty. Ltd., Auckland / New Zealand	100.0	1,033	-65	3,506	6th
0479	B. Braun Pakistan (Private) Ltd., Karachi / Pakistan	100.0	941	222	21,880	121
0465	B. Braun Pharmaceutical Industries Sdn. Bhd., Petaling Jaya / Malaysia	100.0	-2,466	-2	0	0
0467	B. Braun Precision Engineering Sdn. Bhd., Petaling Jaya / Malaysia	100.0	4,713	-2	0	0
0490	B. Braun Singapore Holdings Pte. Ltd., Singapore / Singapore	100.0	3,600	100	0	0
0476	B. Braun Singapore Pte. Ltd., Singapore / Singapore	100.0	61,317	1,636	25,460	48
0410	B. Braun Surgical Sdn. Bhd., Petaling Jaya / Malaysia	100.0	2,306	-2	0	0
0477	B. Braun Taiwan Co. Ltd., Taipei / Taiwan	100.0	5,983	997	19,839	46
0482	B. Braun (Thailand) Ltd., Bangkok / Thailand	100.0	10,405	872	30,892	132
0481	B. Braun Vietnam Co. Ltd., Hanoi / Vietnam	100.0	59,950	8,148	75,115	1,071
0413	Harmoni Dialysis Sdn. Bhd., Petaling Jaya / Malaysia	100.0	983	58	1,537	38
0442	Lauer Limited Hong Kong, Hong Kong / China	94.0	378	41	220	0
0474	Oyster Medisafe Private Ltd., Telangana / India	78.5	-1,859	-1,420	4,406	348
0409	Promedipharma Sdn. Bhd., Petaling Jaya / Malaysia	100.0	2,050	-2	0	0
0484	PT. B. Braun Medical Indonesia, Jakarta / Indonesia	99.0	60,390	9,912	82,562	526

	Name and seat of the company	Share of capital		Result	Sales	Employee
		in% ¹⁾	Equity			
0494	PT. B. Braun Pharmaceutical Indonesia, Jakarta / Indonesia	84.2	-735	-1,113	0	58
0419	Renal-Link Sdn. Bhd., Petaling Jaya / Malaysia	30.0	542	90	527	10
0497	Siam Tai Tiem Sam Pun Co., Ltd., Bangkok / Thailand	46.1	81	-31	0	0
0416	Smart Care Dialysis Sdn. Bhd., Petaling Jaya / Malaysia	100.0	386	31	755	18th
0439	Suturex & Renodex International Ltd., Samutprakam / Thailand	100.0	2,640	31	2,708	89
0496	Teparak Medical Center Co. Ltd., Samutprakam / Thailand	69.5	517	-24	782	24
0463	Therapy Management Services Phils, Inc., Taguig City / Philippines	100.0	1,904	175	4,107	113
0415	TransCare Healthservices Malaysia Sdn. Bhd., Petaling Jaya / Malaysia	60.0	-362	-368	0	6th
	Latin America					
0345	Aesculap Academy SpA, San Bernardo / Chile	86.1	-28	-39	0	0
0335	B. Braun Aesculap de México SA DE CV, Mun. Santa Cruz Atizapán / Mexico	100.0	11,011	1,945	29,308	242
0321	B. Braun Comercial SA, Santiago de Chile / Chile	86.1	10,588	11	0	0
0320	B. Braun Holding Chile SA, Santiago de Chile / Chile	100.0	9,785	-16	0	0
0341	B. Braun Medical Central America & Caribe SA de CV, San Salvador / El Salvador	51.0	534	-96	3,481	38
0336	B. Braun Medical de México SAPI. DE CV, Mun. Santa Cruz Atizapán / Mexico	51.0	1,496	-1,111	11,094	54
0339	B. Braun Medical International Paraguay SA, Mariano Roque Alonso / Paraguay	100.0	3,977	1	65	0
0337	B. Braun Medical Paraguay SA, Mariano Roque Alonso / Paraguay	60.0	5,885	-681	7,805	65
0324	B. Braun Medical Peru SA, Lima / Peru	100.0	19,259	778	27,711	435
0323	B. Braun Medical SA, Bogotá / Colombia	100.0	9,055	2,746	32,335	239
0307	B. Braun Medical SA, Buenos Aires / Argentina	100.0	15,780	4,031	48,403	374
0325	B. Braun Medical SA, Quito / Ecuador	100.0	16,455	347	24,127	112
0322	B. Braun Medical SpA, Santiago de Chile / Chile	86.1	7,231	1,407	40,502	154
0346	B. Braun Surgical SAS, Mosquera / Colombia	100.0	1,877	-366	0	1
0338	Centro de Dialisis, Quito / Ecuador	60.0	540	-87	556	9
0342	Dialy Ser SAS, Bogotá / Colombia	94.0	-3,328	-2,167	11,539	222
0306	Laboratorios B. Braun SA, Sao Goncalo / Brazil	100.0	150,041	-8,318	147,410	1,486
	Africa and Middle East					
0502	B. Braun Avitum (Pty) Ltd., Johannesburg / South Africa	100.0	1,948	586	10,433	314
0624	B. Braun Medical Gulf FZ- LLC, Dubai / United Arab Emirates	100.0	381	-429	380	8th
0515	B. Braun Medical Kenya Ltd., Nairobi / Kenya	100.0	257	19th	528	6th
0501	B. Braun Medical (Pty) Ltd., Johannesburg / South Africa	100.0	7,564	1,066	40,685	243
0505	B. Braun Medical Products (Pty) Ltd., Johannesburg / South Africa	100.0	-1,117	-191	3,304	135
0503	E. Owen and Partners, Johannesburg / South Africa	100.0	278	106	16,761	14th
	REMAINING SHARES					
	Germany					
0138	AXIOS 3D Services GmbH, Oldenburg ⁴⁾	30.0	72	26	453	6th
0129	CeGaT GmbH, Tübingen ⁴⁾	20.0	6,909	-2,848	11,000	54
0134	Christoph Miethke GmbH & Co. KG, Potsdam ⁴⁾	24.9	5,680	2,761	13,242	145
0135	Christoph Miethke Verwaltungs GmbH, Potsdam ⁴⁾	24.9	25th	0	0	0
0151	DESOTEC GmbH, Winnenden- Hertmannsweiler ⁴⁾	56.5	51	243	7,038	46
0148	Diomedes GmbH, Melsungen ⁴⁾	25.0	160	6th	425	1
0119	Findos Investor Fund I GmbH & Co. KG, Munich ³⁾	16.7	-	-	-	-
0199	Findos Investor Fund II GmbH & Co. KG, Munich ³⁾	16.7	-	-	-	-
0118	GINo Gesellschaft für Innovation Nordhessen mbH, Kassel ^{3) 5)}	50.0	-	-	-	-
0750	ISYMED Society for Innovative Systems in Medicine mbH, Butzbach ⁴⁾	46.1	383	133	2,567	13th
0187	Medical Service and Logistics GmbH, Recklinghausen ⁴⁾	50.0	565	-342	41,130	8th
0753	Neuroloop GmbH, Freiburg ⁴⁾	49.0	2,038	-1,434	0	9
0143	PPC project planning and consulting GmbH, Melsungen ⁴⁾	50.0	1,542	533	2,588	23
0115	Residenz-Hotel-Tagungszentrum Kassel GmbH, Kassel ³⁾	14.1	-	-	-	-
0114	Residenz-Hotel-Tagungszentrum Kassel GmbH & Co. Investitions KG, Kassel ³⁾	14.1	-	-	-	-
0799	RHÖN-KLINIKUM AG, Bad Neustadt an der Saale ^{4) 7)}	21.6	1,137,218	82,372	885,304	16,377
0196	Schölly Fiberoptic GmbH, Denzlingen ⁴⁾	28.0	48,233	7,440	103,856	328
0109	Tuttlinger Wohnbau GmbH, Tuttlingen ³⁾	13.3	-	-	-	-
0184	ukb -AESCULAP InstrumentenManagement GmbH, Berlin ⁴⁾	49.0	36	-100	2,919	50
0113	Housing association of the city of Melsungen mbH, Melsungen ³⁾	29.8	-	-	-	-
	Europe					
0217	Investment and financing GmbH, Sempach / Switzerland ⁴⁾	50.0	1,026	97	0	0
0249	Babolat VS, Lyon / France ⁴⁾	28.0	69,084	3,553	123,716	236
0550	Cabinet néphrologique Dr. Schiele et Dr. Schmid, Forbach / France ⁴⁾	23.5	-3	-8th	92	4th
0556	LLC "BBN", St. Petersburg / Russia ⁴⁾	28.2	5,223	0	17,026	0
0685	Medical device processing Vorarlberg GmbH, Rankweil / Austria ⁴⁾	29.4	972	263	3,900	40
0698	MPAT medical product preparation Tirol GmbH, Zirl / Austria ⁴⁾	29.4	119	264	4,835	43
0551	Newdial Srl., Rome / Italy ^{3) 5)}	28.2	-	-	-	-

	Name and seat of the company	Share of capital				
		in% ¹⁾	Equity	Result	Sales	Employee
0232	Pigreco Omnia Salus Srl., Rome / Italy ^{3) 5)}	32.9	1,502	518	2,925	12th
0272	SLI Sterilgut Logistik und Instrumentenmanagement GmbH, Wels / Austria ⁴⁾	25.8	2,378	480	6,150	72
0677	SteriNoord BV, Groningen / Netherlands ³⁾	33.0	-200	-150	0	0
0555	270 Vision Limited, Winchester / England ⁴⁾	25.1	739	-123	32	3
	Asia Pacific					
0417	Nurses At Home Sdn. Bhd., Petaling Jaya / Malaysia ⁴⁾	18.0	78	-84	422	44
0420	Trendlines Medical Singapore Pte. Ltd., Singapore / Singapore ⁴⁾	20.0	2,633	-	-	-
0441	XINHUA SURGICAL INSTRUMENTS CO. LTD., Shandong / China ⁴⁾	40.0	10,930	990	15,663	397
	Africa and Middle East					
0504	B. Braun Zimbabwe (Pvt) Ltd., Harare / Zimbabwe ⁴⁾	49.0	342	96	928	5

The amounts in the national currency of the foreign companies were converted using the average rate on December 31, 2016 or the average rate for the reporting year.

* By being included in the consolidated financial statements of B. Braun Melsungen AG in accordance with Section 264b of the German Commercial Code (HGB), the company is released from the obligation to prepare, have audited and disclose annual financial statements and a management report in accordance with the regulations applicable to corporations.

1) Calculated share

2) Companies with profit and loss transfer agreements

3) Unconsolidated

4) Consolidated at equity

5) Associated companies

6) average

7) Values from the published Q3 interim report

Auditor's report

We have audited the annual financial statements - consisting of the balance sheet, income statement and notes - including the bookkeeping system and the management report of B. Braun Melsungen Aktiengesellschaft, Melsungen, for the financial year from January 1 to December 31, 2016. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the company's Management Board. Our task is to provide an assessment of the annual financial statements, including the bookkeeping, and the management report on the basis of the audit we have carried out.

We carried out our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code (HGB) in compliance with the generally accepted German auditing principles established by the Institut der Wirtschaftsprüfer (IDW). Accordingly, the audit is to be planned and performed in such a way that inaccuracies and violations that have a material impact on the presentation of the asset, financial and earnings position conveyed by the annual financial statements in accordance with the principles of proper bookkeeping and the management report are given with sufficient certainty be recognized. When determining the audit activities, knowledge of the business activity and the economic and legal environment of the company as well as expectations of possible errors are taken into account. As part of the audit, the effectiveness of the accounting-related internal control system and evidence of the information in the books and records, the annual financial statements and the management report are assessed primarily on the basis of random samples. The audit includes assessing the accounting principles used and significant estimates made by the Management Board, as well as evaluating the overall presentation of the annual financial statements and the management report. We believe

Our audit has not led to any reservations.

In our opinion, based on the knowledge gained during the audit, the annual financial statements comply with the statutory provisions and, in compliance with the principles of proper bookkeeping, give a true and fair view of the company's assets, financial position and results of operations. The management report is consistent with the annual financial statements, complies with the legal requirements, as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Kassel, March 8, 2017

PricewaterhouseCoopers GmbH
auditing company

Dr. Bernd Roese, auditor

ppa. Oliver Böhm, auditor

Supervisory Board Report

The Supervisory Board of B. Braun Melsungen AG performed the duties incumbent on it according to the law, the articles of association and the rules of procedure, and accompanied and monitored the management in an advisory capacity.

In three regular meetings, the Management Board informed the Supervisory Board about the company's current business development, its financial status and major investment projects.

Reports on the implementation of Strategy 2020 in the USA, on the current situation in Brazil and on ongoing major investment projects were particular topics of the Supervisory Board deliberations. The quality report, the importance of new production methods and the development of digitization in the B. Braun Group were also presented. In its meeting on November 29, 2016, the Supervisory Board proposed the amendment of the profit participation rights conditions for resolution to the Annual General Meeting. The Supervisory Board also received the 2015 personnel report. The Supervisory Board discussed and approved the expected results for 2016 and discussed transactions requiring approval in accordance with the Articles of Association.

In addition, the chairman of the supervisory board regularly exchanged information and ideas with the chairman of the management board about key business developments in the company and the group and upcoming decisions.

This year, too, the Supervisory Board carried out an efficiency review on a voluntary basis. This self-evaluation carried out by the supervisory board showed that the supervisory board is organized efficiently and that the cooperation between the management board and the supervisory board works very well.

The subject of the two consultations of the Audit Committee were in particular the 2016 annual and consolidated financial statements of B. Braun Melsungen AG prepared by the Management Board, the current business development, explanations on the development of other intangible assets from the research and development area, and the internal audit's annual report on the audits carried out as well as the examination schedule and focus areas. The Audit Committee also received the compliance report from B. Braun Melsungen AG and the risk report from the Executive Board. Other topics included a report on current issues in international taxation and the effects of the Auditor Reform Act on B. Braun Melsungen AG as well as status reports on the current situation in Brazil and Colombia as well as on selected investment projects. The planning of the annual audit was also presented. The Audit Committee reported on these topics at the Supervisory Board meetings and made its recommendations.

The Personnel Committee of the Supervisory Board met three times in 2016. In its meeting on March 22, 2016, it proposed to the Supervisory Board the allocation of profit participation rights to the members of the Management Board under the B. Braun Incentive Scheme, a resolution on the target agreements of the individual Management Board members and the setting of the annual fixed salary of a Management Board member. The Supervisory Board approved the allocation and the resolutions at its meeting on the same date. In its meeting on July 7, 2016, the Personnel Committee presented the Supervisory Board with the reappointment of Prof. Dr. Hanns-Peter Knaebel recommended as a full member of the Board of Management until March 31, 2022; the Supervisory Board passed the resolution accordingly in its subsequent meeting and confirmed the appointment. In particular, discussions on general HR issues were another component of the 2016 Personnel Committee meetings.

On February 21, 2017, Mr. Otto Philipp Braun resigned from the Management Board by best mutual agreement. This was confirmed by the Supervisory Board by circular resolution on the same day. The Supervisory Board thanks him for the work he has done during his nine years at B. Braun Melsungen AG.

The annual financial statements prepared by the Management Board and the management report for the 2016 financial year of B. Braun Melsungen AG, the consolidated financial statements and the group management report have been audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Kassel, which was appointed auditor at the annual general meeting on March 22, 2016. The auditor did not raise any objections and issued an unqualified audit certificate.

The term of office of the Supervisory Board ended at the end of the Annual General Meeting on March 22, 2016. Dr. hc August Oetker left the Supervisory Board at this point in time.

As a replacement for Dr. August Oetker welcomed the general meeting to Ms. Kathrin Dahnke, member of the board of directors of Wilh. Werhahn KG, Neuss elected as a new member of the Supervisory Board. As further representatives of the shareholders, Prof. Dr. hc Ludwig Georg Braun, Ms. Barbara Braun-Lüdicke, Prof. Dr. hc mult. Markus Büchler, Mr. Hans-Carsten Hansen, Mr. Dr. Joachim Rauhut, Prof. Dr. Thomas Rödder and Prof. Dr. Oliver Schnell re-elected to the Supervisory Board.

Ms. Alexandra Friedrich, Ms. Edeltraud Glänzer, Mr. Michael Guggemos, Mr. Rainer Hepke, Mr. Manfred Herres, Mr. Peter Hohmann, Mr. Ekkehard Rist and Mr. Mike Schwarz were elected to the Supervisory Board as employee representatives.

Following the Annual General Meeting, the Supervisory Board elected Prof. Dr. hc Ludwig Georg Braun as chairman and Mr. Peter Hohmann as deputy chairman.

The auditor took part in the deliberations of the Supervisory Board and the Audit Committee on the annual financial statements and the consolidated financial statements and reported on the main results of his audit. The examination of the annual financial statements, the management report and the proposal for the appropriation of the balance sheet profit of B. Braun Melsungen AG as well as the consolidated financial statements and the group management report by the Supervisory Board does not give rise to any objections in accordance with the results of the audit reports. We have therefore approved the annual financial statements prepared by the Management Board, which are thus adopted in accordance with Section 172 of the German Stock Corporation Act.

The supervisory board agrees with the management board's proposal for the appropriation of the balance sheet result.

In accordance with Section 312 of the German Stock Corporation Act (AktG), the Management Board prepared a report on relationships with affiliated companies for the 2016 financial year. The Supervisory Board examined this report; There were no complaints. The auditor examined the report and issued the following audit certificate:

"After our dutiful examination and assessment, we confirm that

1. the factual information in the report is correct,
2. the company's performance in the legal transactions listed in the report was not inappropriately high. "

The Supervisory Board agrees with the result of the auditor's examination. After the final result of the examination by the Supervisory Board, there are no objections to be raised against the final declaration of the Management Board contained in the report.

The Supervisory Board would like to thank the Management Board for the good and successful cooperation and the employees of the B. Braun Group for their services in the reporting period.

Melsungen, March 2017

The board of directors

Our Annual General Meeting on March 28, 2017 decided, in accordance with the proposal for the appropriation of the result, to use the net profit for the 2016 financial year in the amount of € 72,216,002.10 as follows:

a) Distribution to the shareholders	€ 32,000,000.00
b) Allocation to retained earnings	0.00 €
c) Profit carried forward	€ 40,216,002.10
	€ 72,216,002.10

The annual financial statements as of December 31, 2016 were adopted on March 28, 2017.